Daily Report

Central Eurasia

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FBIS-SOV-95-142 *25 July 1995*

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ITAR-TASS Carries Press Review for 25 Jul

LD2507063195 Moscow ITAR-TASS in English 0617 GMT 25 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] Moscow, July 25 (ITAR-TASS) — ROSSIYSKAYA GAZETA frontpages a column of items about the situation in the grain harvesting campaign in Russia. The newspaper's forecast for this year's gross yield of 70-75 million tonnes is somewhat at variance with the data of the Ministry of Agriculture and Food which earlier predicted the procurement of 75-78 million tonnes of grain.

ROSSIYSKAYA GAZETA carries a detailed account of Saturday's conference workshop in Moscow of the Russia Our Home socio-political movement.

Remarks made at the Constitutional Court hearings by Sergey Shakhray, who defended the attitude of the Executive Authority towards a solution to the Chechnya issue, are published under the headline "the President could not act otherwise".

IZVESTIYA highlights the appointment of Colonel-General Mikhail Barsukov as Chief of the Russian Security Service. An information leak about the impending appointment was vehemently denied last week by a wide range of officials, from the Presidential Press Secretary to Barsukov himself.

IZVESTIYA runs a commentary by prominent legal scholar Yuriy Feofanov on the Duma-adopted new Criminal Code of Russia under the headline "Crimes and punishments in the lights of market-determined relations".

Feofanov points to new Code provisions which have been prompted precisely by reforms. He is of the opinion that the adopted Code Bill is most likely to be referred to the President for signature at once. It is up to the democratic development requirements and is in accord with new phenomenon in Russian society.

SOVETSKAYA ROSSIYA sums up the results of a regular session of the State Duma. A permanent contributor to the newspaper, Duma Member Vladimir Isakov states that the results of the 18 months of the Duma's work "give ground for a certain optimism".

SOVETSKAYA ROSSIYA carries an interview with Anatoliy Koshkin, Dr. of Science (History) who exposes the unfoundedness of claims by the Japanese parliament "which has already passed 16 resolutions demanding 'the return' of the Southern Kurils".

PRAVDA questions the advisability of the planned construction of a high-speed railway between St. Petersburg and Moscow.

"Building a high speed railway is desirable when a rise in the living standards of the population will enable the mass of passengers to pay much more for the ticket than he now does for a night-schedule trains when and when the investments situation in the country will be more favourable" is a conclusion drawn by scientists who analyse the new Russian "project of the century".

TRUD on the issue of new 50,000- and 10,000-rouble banknotes in Russia.

Explaining the emergence of the new banknotes by the need to protect banknotes from forgery, the newspaper runs drawings showing the new banknotes which are due to be brought into circulation on July 26.

KOMSOMOLSKAYA PRAVDA carries an interview with former KGB officer Asildar Guseynov who worked in Turkey during the Cyprus crisis period under the "cover" of TASS news agency.

Guseynov describes his "role in history". His remarks are prefaced by the newspaper's maxim to the effect that in the life of every intelligence officer, who was in point of fact a 'cog' in such a well-adjusted mechanism as the KGB, there were moments when the country's future depended on the information he supplied.

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Kozyrev Visits Belgrade To Settle 'Tense Situation'

LD2407183995 Moscow ITAR-TASS World Service in Russian 1723 GMT 24 Jul 95

[By ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 24 Jul (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev said the aims of his visit to Belgrade are "to check the watches with the Serbian leadership" and to discuss peaceful ways to settle the extremely tense situation in the Balkans. After arriving at an airport in Belgrade, he told an ITAR-TASS correspondent that he is paying this one-day visit on the instructions of Boris Yeltsin in an attempt to coordinate Russia's and Yugoslavia's efforts aimed to settle the crisis as soon as possible.

Kozyrev said the main points of settling the crisis are to end hostilities in Bosnia and, on the basis of the Contact Group's plan, to start negotiations between the Bosnian Serbs and the Muslim-Croat Federation. The Russian minister said it is inadmissible for the Serbs in Bosnia to capture other Muslim enclaves, but it is equally inadmissible for the other side in the conflict to continue combat operations.

Kozyrev said another important issue in settling the crisis is to complete the talks held by Belgrade and the Contact Group on the recognition of Bosnia-Herzegovina by Yugoslavia in exchange for "cancelling the international sanctions" against Yugoslavia.

Belgrade, Moscow To Work Jointly

LD2507110195 Moscow ITAR-TASS World Service in Russian 0957 GMT 25 Jul 95

[By ITAR-TASS correspondent Ivan Ivanov]

[FBIS Translated Text] Belgrade, 25 Jul (ITAR-TASS) — "We have agreed to combine new efforts by Moscow and Belgrade for settlement of the Balkan crisis." That was how Russian Foreign Minister Andrey Kozyrev described the results of his one-day visit to the Yugoslavian capital for talks with Serbian President Slobodan Milosevic. The minister regarded the talks as positive, stressing that official Belgrade and S. Milosevic "are set to firmly support a peaceful process of political settlement."

Answering questions from an ITAR-TASS corespondent at Belgrade airport before leaving for Moscow, A. Kozyrev enumerated the urgent measures which he believes should be taken to settle the situation in Bosnia. He stressed that the most important task is "not to allow new attacks by the Bosnian Serbs on the Gorazde enclave, or by Muslims from that enclave." Further, it is necessary to take steps to open corridors for the delivery of humanitarian aid to Sarajevo. After that, according to the Russian minister, a complete cessation of hostilities must be established in Bosnia. "Ultimately it is unimportant who is the first to start the next military actions, whether it be the Muslims, as happened recently, or the Serbs, as well as who will then undertake military countermeasures. It is important to break this vicious circle," he noted.

"It is also extremely important that artificial delays should not occur again in the political process based on the Bosnian settlement plan of the international contact group and on the work done lately by Karl Bildt, co-chairman of the coordination committee of the peace conference on former Yugoslavia," A. Kozyrev continued. He said Bildt's plan involved more than recognition by Yugoslavia of Bosnia-Herzegovina and the lifting of international sanctions against the Yugoslav republic. "It is in fact a global settlement plan because it is based on a considerable weakening of the sanctions against Yugoslavia, which plays the key role in the region," he added.

A. Kozyrev was critical concerning "certain members" of the international contact group which includes representatives of Russia, the United States, Britain, Germany, and France, for not lifting sanctions against Yugoslavia a year ago when Belgrade fully agreed to the settlement plan proposed by the contact group. "A major step in the political process aimed at an overall settlement in the Balkans was not made then, and now we all have to sort out the mess," the Russia minister said.

"Therefore, the international mediators and S. Milosevic should sign as soon as possible the package of peace settlement documents drawn up by K. Bildt and supported by Russia," A. Kozyrev said, adding emphatically that no military solution to the Balkan crisis is possible. He pointed out that the signing of the document should by no means be linked to any conditions arising from the current situation in Bosnia.

Kozyrev 'Satisfied' With Talks

LD2507090095 Belgrade TANJUG Domestic Service in Serbo-Croatian 0759 GMT 25 Jul 95

[FBIS Translated Excerpt] Belgrade, 25 Jul (TANJUG) — Russian Foreign Minister Andrey Kozyrev left Belgrade this morning after last night's talks with Serbian President Slobodan Milosevic. [passage omitted]

Russia is satisfied with the results of the Belgrade talks, Kozyrev said before his departure, reiterating Moscow's as well as Yugoslavia's determination to insist on a peaceful resolution of the conflict in Bosnia.

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All warring sides should show restraint in order to prevent a further military escalation, Kozyrev said.

Kozyrev Explains Moscow's Stance on Bosnia

LD2407220895 Moscow Russian Public Television First Channel Network in Russian 1740 GMT 24 Jul 95

["Exclusive" interview with Foreign Minister Andrey Kozyrev by correspondent Aleksandr Shkirando in Moscow on 24 July — recorded]

[FBIS Translated Text] [Shkirando] Andrey, what are the overall results of the London conference, what was Russia's position and, in general, what are our foreign policy priorities in the Balkans?

[Kozyrev] Well, there are two points to make about the results of the conference: First, things were discussed in detail and, what is important, is that senior military figures, defense ministers took part in it. The discussion took place at a very important time, because we are in fact on the brink either of a big war or of nonetheless opting for a political path to settlement. Our position is that the international community and the sides in the conflict should opt for a political settlement, though, of course, no one can decide for them if they continue their reckless action.

But we put forward our preference for a balanced approach: The Muslims also carry out attacks and they have also violated the status of safe areas. At the same time, the Bosnian Serbs are the only side not to recognize the Contact Group's peace plan, which is the main difference between them and the Muslims. But, of course, in terms of how they react, in a number of cases they are going too far, because no one has the right to attack safe areas under UN control.

[Shkirando] Hence, as far as the role and maybe the significance of the Contact Group are concerned... why on the eve of the meeting did wording emerge to the effect that this group — the Contact Group — appear as it were between power and impotence and, at the same time, Moscow is being assigned the traditional role of an observer or maybe an investigator?

[Kozyrev] This is the situation here. Our western colleagues came to the conference with a different concept — with the concept that the Serbian side, the Bosnian Serb side — is the only side responsible for everything and that the only option left was the one in favour of massive air strikes against the Bosnian Serbs if only and as soon as they started an attack on the enclave of Gorazde.

We opposed this as we believe that in this case the strength of the argument does not lie in air strikes which can lead to unpredictable consequences, to an expansion of the crisis, to new hostages being taken, and to further bloodshed. It should lie in a political settlement and political pressure. Unfortunately, at the conference itself we did not succeed in reaching an agreement on these two approaches in order that a single document could be elaborated.

[Shkirando] Does it mean that Russia's position has changed toward the situation in the Balkans to some extent?

[Kozyrev] I think that first of all our position prevented the London conference from being turned into a military conference on declaring an air war. We succeeded in contributing a strong political element to the work of the conference — namely a conference on a peaceful settlement. That is the first thing.

Second, we succeeded in holding a meeting of the Contact Group which confirmed the preservation of interaction between the superpowers. The last thing we need is for the superpowers to fight one another, when there is already fighting in the area. It will be a complete disaster and the escalation of the conflict to a European or perhaps global scale. We succeeded in not just moving the conversation from an exclusively military channel, though that is what our partners are still aiming for, but....

[Shkirando] But they have their own position regarding the peacekeepers, I mean the UN peacekeepers who have the mandate. Incidentally, they say the mandate they have now does not mean anything. Moreover, the peacekeepers turned out to be both powerless and defenseless. What do you think?

[Kozyrev] Bildt's plan, which was in fact the one we settled on, envisages maintaining the current mandate of the peacekeeping forces on the whole. We are categorically against the idea of...[pauses] and by the way, Bildt, UN Secretary General Butrus-Ghali, the commanders of the troops on the ground, the British General Smith and the French general, the other commander, Janvier, all said this, that no matter how much we may want to, though that is perhaps not necessarily the case, there is no way we can transform a peacekeeping force into a fighting one and air strikes are the only things that can lead to this. But even objectively, these forces are simply not ready for war; they would just be easy prey for both sides. At the same time, we put forward a number of proposals, Pavel Sergeyevich Grachev also, concrete military proposals for reinforcing and protecting these forces. You see, it matters to you and I when our peacekeepers from the Russian battalion are taken hostage by the Bosnian Serbs or the Muslims.

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[Shkirando] Hostages from CIS countries?

[Kozyrev] From Ukraine. Together with Ukraine, we put this point very poignantly and, incidentally, I must say that the Ukrainian delegation supported a political solution, not a military one. We spoke very strongly in defense of the Ukrainian battalion whose predicament shows the complex nature of the situation: Half of the battalion has been taken hostage by the Bosnian Serbs while the other half is being held hostage by the Muslims. But it's an intolerable situation! And again, some people's nerves cannot stand it any longer and they think that if they carry out an air strike.... It is most likely that peacekeepers on both sides will perish in any air strike.

So, this is our plan: To back the political path which Bildt has opened and proposed, naturally with our addenda and amendments. Second, I am going to Belgrade to speak again, very seriously, with President Milosevic about what we can do to make the Bosnian Serb leadership listen to and take into account his peaceful stand. After all, it is the stand of the president of the whole of Serbia and to ignore it, to ignore Moscow and Belgrade, would be going too far.

[Shkirando] In other words, you do not think that the situation has reached a dead end?

[Kozyrev] I think that the situation is very dramatic and on the verge of a large explosion, but I would not describe it as a dead end one or one without any alternative. No, there is a political alternative and we will... [pauses] I do not know whether we will succeed in convincing the sides in the conflict and our Western partners to stay cool and show military restraint, but we will do our utmost to ensure that the political option is taken.

Spokesman: Force in Bosnia Would Cause 'Collapse'

LD2407134395 Moscow ITAR-TASS World Service in Russian 1318 GMT 24 Jul 95

[By ITAR-TASS diplomatic correspondent Andrey Urban]

[FBIS Translated Text] Moscow, 24 Jul (ITAR-TASS) — Any resort to a strategy of bombing to resolve the Bosnian conflict will cause the UN's peacekeeping operations in the former Yugoslavia to collapse, Aleksandr Zotov, the Russian Federation president's special spokesman on Bosnia, said today. A similar stance, he continued, was taken by Russia at the meeting in London late last week of the Contact Group members' foreign and defence ministers and representatives of 11 states with troops involved in the peacekeeping efforts in Bosnia-Herzegovina.

Russia, Aleksandr Zotov said, believes that if the order for air strikes is given, subsequent bombing will only make the situation worse. "From our point of view", he went on, "use of force to resolve the crisis means that the peacekeepers will have to pull out. They cannot get involved in military operations, because they are there to perform other duties. In these circumstances, the conflict could grow into a large-scale Balkan war with consequences that will be very difficult to predict. As before, the main victims would be civilians, the 'blue helmets' and the peace process itself."

Lukin Urges 'Highest Level' Meeting on Bosnia

BR2407143495 Rome LA REPUBBLICA in Italian 21 July 95 p 9

[Interview with Vladimir Lukin, Duma Foreign Affairs Committee chairman, by Fiametta Cucurina in Moscow on 20 July: "Lukin: Moscow Discourages 'Pointless Blue Helmet Presence'" — first two paragraphs are LA REPUBBLICA introduction]

[FBIS Translated Text] Moscow — Boris Yeltsin yesterday [20 July] spoke on the phone with German Chancellor Helmut Kohl to discuss the possibility of pulling out of the Bosnian disaster. Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev arrived in London to take part in the Contact Group meeting, but Russia does not appear to have much confidence in the rest of the world finding a way out of the impasse.

Behind the scenes in parliament yesterday, Vladimir Lukin, former Russian ambassador to Washington and current Duma Foreign Affairs Committee chairman, gave a very clear explanation of why Russia thinks this way.

[Lukin] The blue helmets' presence in Bosnia serves no purpose. It is actually making things worse since it is just one more cause for concern. I have my doubts as to whether the Contact Group can find a way out of this mess. The members of the group are only concerned about repercussions in their own countries and their little domestic problems. As long as everybody continues to think only of himself, we will not find a way out of the current impasse.

[Cucurina] Deputy Lukin, Russia has not exactly been pulling out all the stops itself. Moscow has been wholly intransigent since the start of the conflict despite the barbaric events we have witnessed. It just bears out Russia's support for the Serbs and its request that international sanctions be lifted.

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[Lukin] That is not how it is. We want a peaceful solution. Which Serbs are we supposed to be supporting? Those of the former Yugoslavia are not involved in the conflict. That is why they closed the border to the Bosnian Serbs. They have honored their commitments and now we must keep our part of the bargain and lift the sanctions imposed on them. However, asking Serbian leader Slobodan Milosevic to recognize Bosnia is asking him to commit political suicide. You would then have an extremist nationalist government in Belgrade. Is that what you want? As far as the Bosnian Serbs are concerned, we most certainly do not support them. They are behaving like barbarians, as are, incidentally, the Croats and the Muslims.

[Cucurina] But the Russian position has not yet produced any results.

[Lukin] Russia can do nothing on its own. We do hold some sway over Milosevic and Bosnian Serb leader Radovan Karadzic, but we cannot promise that an agreement will be reached unless we are sure the West will support it. In theory, the Contact Group looks like being the only option. However, no sooner do they sit down at the negotiating table than one side says it will not sign anything, as a way of obtaining more, while the other side swears blind that it is ready to sign. That just leads us down a blind alley until one side provokes the other and we have to start all over again. What we need is a meeting at the highest level and behind closed doors.

[Cucurina] Even at the highest level, the NATO countries are split: France wants intervention while the United States seeks total withdrawal.

[Lukin] We are faced with chaos and the inability to make any decisions. We are witnessing the collapse of a whole line of policy. The French proposal appears to be the result of the serious situation Paris finds itself in following its decision to restart nuclear testing: In other words, France needs to show itself to be strong. Mark my words, at the end of the day it comes down to the same two options: Either you have massive military intervention which the NATO countries cannot afford from the point of view of domestic policy, as is clear from the stance adopted by Washington; or you have the long, painstaking, difficult, and patient negotiations that we propose, accompanied by political and economic incentives.

Russian Stance at London Bosnia Parley Hit

MM2507093495 Moscow SOVETSKAYA ROSSIYA in Russian 25 Jul 95 p 3

[Article by Yevgeniy Popov: "Preparing a 'Balkan Storm'"]

[FBIS Translated Text] The International Conference on Bosnia-Herzegovina has been held in London with the representatives of 16 states participating in its work.

The immediate pretext for convening the conference, which the Western media have dubbed "emergency" and "extraordinary," was the recent events in the Muslim enclaves of Srebrenica and Zepa. According to the UN Security Council decision adopted on 5 July 1993, for which Russia also voted, these enclaves, like others with a predominantly Muslim population, were declared "safe areas." In fact this meant UN Security Council support for one of the sides in the Bosnian military conflict. Having formally pledged to ensure the demilitarization of the "safe areas," the Security Council not only did absolutely nothing toward that end, but also by repeated NATO air strikes against the Serb positions gave direct military support to those Muslim subunits which have taken up positions in the "safe areas" and established real military strongholds and bridgeheads there for audacious actions against the Bosnian Serbs. As radio "Yugoslavia" reported the other day, almost half the Muslim army — around 70,000 men — are in enclaves protected by the Blue Helmets. From there they launch not only offensive operations, but also subversive terrorist acts against the peaceful Serbian population and commit atrocities which are unthinkable to normal people.

The final incident which exhausted the Serbs' patience was the Muslim offensive in the Sarajevo region prepared with the participation of U.S. military advisers. This was the largest offensive in the entire war. On this occasion the Muslims repeated the Croat tactic with precision: They crushed or bypassed the UN observation posts, fired on the Russian peacemaking contingent, and effectively — and with impunity — took them hostage. The Muslim army seized heavy arms from the arms depots protected by the UN forces. As the military experts predicted, retaliation ensued in other sectors of the military confrontation. Bypassing the UN observation posts the Serbs put the Muslim troops in Srebrenica to flight and took the city, after which they began removing another thorn in their flesh — Zepa, where the Muslim troops' position was also clearly hopeless. The third and perhaps most objectionable irritant to the Serb Republic Army is the enclave of Gorazde, which is not simply a Muslim military stronghold but, paradoxical as it may seem, simultaneously their arsenal: in a "safe area"

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under cover of the UN peacemakers there is... a major weapons-manufacturing enterprise working for the Muslim army! Last year the Bosnian Serbs tried to resolve the Gorazde problem, but then they were stabbed in the back: The Russian president, like the Western leaders, sanctioned the NATO bombing of the Serb positions near Gorazde.

Now history is repeating itself, but in a more cynical form this time. In London our flexible foreign minister, who has learned how to say "no" so that it clearly sounds like "yes" and pronounces "yes" in such a way that it is indistinguishable from "no," issued a reassuring declaration to the effect that Moscow sees no way out of the Bosnian conflict other than peace talks.

Defense Minister Grachev, who took part in the London conference along with Kozyrev, gave an interview to the BBC in which he called the massive action being prepared against the Serbs "military madness." The transformation of the UN observers into a third force in the military conflict threatens bloody consequences that are hard to predict. Grachev recalled that the army of the Serb Republic is battle-hardened and that to send a UN rapid reaction contingent against it would mean "dispatching it to be torn to pieces by the adversary" ["brosat ego na rasterzaniye protivnika"]. It is quite possible that the military experience of Chechnya also prompted the Russian defense minister to issue this warning.

However, a BBC commentator noted not without satisfaction that Grachev, like Kozyrev, is not opposed in principle to a massive anti-Serb action. Radio Liberty commented on the results of the London conference in the same vein: "The Russians are remaining silent, saying nothing for or against, as though they do not object to the West's position.... The Western countries reacted quite positively to Russia's stance in London." As U.S. Defense Secretary Perry noted, the conference sanctioned a massive punitive action against the Serbs, and in accordance with that, officers of NATO's staffs immediately began drawing up precise military plans. As Shalikashvili, chairman of the U.S. Joint Chiefs of Staff, explained, this is a question of preemptive strikes against the Serbs' air-defense system. Last Sunday the final German Tornado planes equipped with the very latest arms systems to cope with this mission arrived at NATO's base in northern Italy. The Western press reports that NATO's strategists are ready not simply for new missile and bomb strikes against the Serb positions but for strikes of unprecedented force and scale — something akin to the Desert Storm operation mounted a few years ago against Iraq. In this connection the tone of the Russian TV reports on the Bosnian conflict is highly symptomatic: The tendentious selection of pictures is designed to show the "atrocities" and "crimes" of the Serbs. In Kiselev's "Itogi" program Sunday it was alleged that "the world is incensed at the Serbs' offensive." As has happened many times before, every means was used to provide an ideological cloak for Russian diplomacy's latest shameful betrayal of the Serbs. However, these futile attempts are hardly likely to produce the desired effect. The Kremlin's current pro-Western foreign policy does not enjoy support among the people.

Possible Fallout From Ultimatum to Serbs Assessed

MK2507094495 Moscow SEGODNYA in Russian 25 Jul 95 p 3

[Commentary by Vladimir Abarinov: "When Mediators Can't Agree"]

[FBIS Translated Text] The London Conference called by the great powers three years ago has been the symbol of a peaceful political settlement in the former Yugoslavia all this time. The London Conference last week gave up attempts to get the Serbs and the Muslims to the negotiating table and made obvious a split in the mediators' camp.

For the first time since it was set up, the Contact Group, of either a broadened or a restricted composition, could not pass an agreed document. Wishing to distance themselves as far as possible from the position of their Western partners, Andrey Kozyrev and Pavel Grachev held their own press conference concurrently with the press conference held by London Conference Chairman Malcolm Rifkind. The British minister warned the Bosnian Serbs on behalf of London, Paris, and Washington that should there be attempts to seize the Muslim enclave of Gorazde, their targets will be subjected to massive air strikes. The Committee for Military Planning and the NATO Council have begun planning the operation.

In the opinion of General Grachev, a well-known "precision" bombing specialist, the Western power's idea is "military madness." The men in Moscow believe that political methods of influence on the Serb side "are far from having been exhausted." In order to bring additional pressure to bear, Andrey Kozyrev set off to Belgrade yesterday. What message is he bringing to Milosevic? To this simple question, your SEGODNYA correspondent received a tangled answer from Aleksandr Zotov, who represents Russia on the Contact Group. Stating that it is wrong to depict the London Conference as a "head-on collision of opinions," Mr. Zotov profusely and willingly discoursed on Europe's fortunes in light of the war in Bosnia. Journalists, nevertheless, have managed to learn that the men in Moscow "agree not with an ultimatum

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as a method," but with the fact that the capture of Gorazde would be the "limit beyond which Russia would no longer be able not to react." In which way does Russia intend to react to the capture of Gorazde? The diplomat's reply amounted to a need "to use all its influence" and "to fling all its resources" into preventing the capture. Mr. Zotov used with suspicious frequency the word "provocation," which the Muslims, he says, might resort to exploiting the "political situation" that has taken shape since London.

Moscow is apparently hoping to repeat the experience of the Sarajevo ultimatum, when Vitaliy Churkin succeeded at the last moment in having the heavy artillery pulled out. However, as the war wears on, not only the peacekeepers but also its participants are gaining experience. By taking hostages, the Serbs have not only secured the return of their artillery, but they have also made the UN forces pull out of the "security zone" around Sarajevo. As for their own ultimatum regarding the Eastern Bosnia enclaves, the Serbs use it with enviable consistency. As a result, the great powers have written off their accounts not only Srebrenica, but also the capitulated Zepa.

Mr. Zotov's carefully disguised words contain a clue as to what Russian diplomats see as a reserve for continuing the political process. In his words, Moscow and Belgrade are now "closer than ever before" to an understanding on recognizing Bosnia in exchange for easing the sanctions. Just recently, the same thing was stated word for word by the Americans. Milosevic is dangling a tempting bait as he bargains for more and more new terms. In the meantime, General Mladic's forces are doing their job. Now nobody thinks about Milosevic's solemn pledge to seal the border with the self- proclaimed Republic of Serbia in Bosnia and stop all contacts with Pale. The sanctions were eased indeed in exchange for these generous promises.

Under these conditions, a split in the Contact Group is only in the interests of the Serbian side. The great powers' radical error is, I think, that they are trying to resolve all the problems with a peace settlement at once, to restore some sort of status quo, and to draw borders and guarantee minority rights, whereas the only possible objective now is a cease-fire. Naturally, the line of disengagement will be the same as it is today. This is something none of the belligerents want, because they know that the problem of a post-war settlement would take years if not decades to resolve. It is far simpler and more reliable to secure for themselves the desirable configuration of the border by force of arms. It is this position that is called a lack of political will in the language of diplomacy.

Would the Western powers have sufficient political will to carry out the threat? We are going to learn this in the next two or three weeks. General Mladic, for his part, is fully determined to seize Gorazde, about which he spoke in response to the ultimatum.

West Disregarding Moscow's Views on Bosnia Impasse

MM2507140195 Moscow KRASNAYA ZVEZDA in Russian 25 Jul 95 p 1

[Article by Aleksandr Golts: "Bosnia Conference: Common Approach Not Elaborated"]

[FBIS Translated Text] The London meeting on Bosnia, in which leaders of the Contact Group countries' defense and diplomatic departments took part, did not justify the hopes pinned on it. This meeting quite clearly indicated the different approaches to resolving the Bosnian crisis taken by Russia and the Western countries.

Defense Minister Pavel Grachev and Russian Foreign Minister Andrey Kozyrev said during a joint news conference that all the proposals for strong-arm pressure — some kind of "ultimatum" to the Bosnian Serbs or massive air strikes — are turning the UN forces into one of the warring sides. According to Army General Grachev, air strikes — be they isolated or massive — will not bring any military results, but they may bring tougher retaliation from the Bosnian Serbs. Russia rejected the proposals for such strikes. The Russian defense minister also described as "military insanity" the intention to send a limited contingent of European rapid-reaction forces against a superior enemy. Army Gen. Grachev indicated that British and French generals take a similar view.

At the same time the Russian defense minister stressed that it is inadmissible to talk solely about the Serbs' culpability and forget the negative role played by the Muslims and Croats in aggravating the situation in the region. That is why Russia's representatives upheld the idea of a political settlement. As Andrey Kozyrev pointed out, Moscow has submitted a proposal for a summit-level meeting involving the parties to the conflict and other interested states in order to adopt an essential decision on the Bosnian problem. Russia considers it necessary to create a permanent coordinating committee involving military representatives and experts from the countries party to the peacemaking operation in Bosnia. Pavel Grachev deems it advisable to create demilitarized zones and bring in special police units under UN auspices.

However, it must be stated that if Russia has succeeded in anything, it is only in slightly curbing the Western

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countries' patent desire for overt strong-arm actions. This very desire has manifested itself clearly enough. Having failed to secure the agreement of all conference participants, Britain, the United States, and France adopted what was effectively a separate decision on possible air strikes on Serb positions near Gorazde. Their representatives have already warned the Bosnian Serb leadership on this score. At the same time rapid-reaction units equipped with artillery and light tanks are being deployed around Sarajevo.

But it follows from incoming reports (for more details about the situation in Bosnia see page three) that the threats have had no effect on the Serbs. And now sessions of both NATO diplomatic and military representatives are being held in parallel. Whereas the military are drawing up possible attack plans, the diplomats are considering their moves and how to remove a future operation from UN control. It has in effect already been decided that henceforth there is no need for a decision for air strikes to be obtained from the UN secretary general's special representative.

Thus, despite Moscow's opinion, the West is being drawn into military intervention in Bosnia. Thereby presenting a serious danger to the peacekeeping forces, which are by no means solely made up of contingents from those countries who have been preparing for the air strikes.

Bosnia Seen as Possible 'Chechnya' for NATO

MK2207131095 Moscow KRASNAYA ZVEZDA in Russian 22 Jul 95 p 2

[Report by Aleksandr Golts: "Is The West Threatened by Its Own 'Chechnya?'"]

[FBIS Translated Text] Moralizing is certainly a pleasant thing, because when you blame someone for violating some lofty moral principles, you look like a firm guardian and respecter of those very principles. In politics, however, this may also be dangerous, because there is always the chance that you will suddenly find yourself in the same position as someone you have recently accused. It hardly needs to be recalled how harshly Moscow was criticized by many Western countries for its attempt to restore sovereignty over Chechnya. Even the signing of the provisional economic agreement with the European Union was adjourned for nearly six months because of Chechnya.

By a strange coincidence, however, it has been signed precisely now, when Western leaders have to make a choice similar — at least militarily — to that which Moscow had to make last November. I mean the situation in Bosnia. Enraged at endless provocations by the Muslims who — not without grounds — had counted on Western sympathy — the Bosnian Serbs launched an attack on enclaves protected by the UN peacekeeping forces. The Zepa enclave has already been seized.

Bosnia is sliding toward chaos before our very eyes. Everybody is at war with everybody else, with Serbs fighting Muslims, and pro-government Muslims fighting the pro-autonomy Muslims supporting Fikret Abdic. In so doing, all the conflicting parties are disarming the UN peacekeepers, taking them hostage, and attempting to use them as a human shield. At the same time, they do not hide their contempt for any efforts by external forces to stop the hostilities. The Bosnian Muslim leaders demanded that the UN peacekeeping operation be stopped. As for Serb leader Karadzic, he went further and threatened to eliminate any military forces attempting to interfere with the seizure of the enclaves.

The situation is not only dangerous, but also extremely humiliating for the great powers which have proved unable to find a way out of the Bosnian deadlock. This is nothing, however, to be surprised at. It is precisely what was to be the result of the West's extreme inconsistency, its policy of double standards, its "demonization" of some parties in the conflict, and attempts to whitewash others. Precisely this was to be the result of their unceasing efforts to firmly establish their presence on the European and world arena by settling the Bosnian conflict. An analogy with Chechnya, incidentally, is completely appropriate here, since it was the conflict between the Russian executive and the former Supreme Soviet that acted as soil for cultivating the Dudayev regime, and it was the ambitions and mercenary motives of some Moscow politicians that helped Chechnya become a gangster enclave.

Let us, however, go back to Bosnia. As a matter of fact, now the world community has to make a choice between a bad option and the worst possible one: either the disgrace of evacuating the UN forces and admitting their inability to settle the conflict by peaceful means (What will all the talk about the "new architecture of European security" be worth after this happens?), or else an attempt, as proposed by France, to restore order by force — particularly taking into consideration that over the past month rapid reaction forces, called international ones, have been hastily knocked together to be sent to Bosnia.

It is precisely here, however, that the entire abyss of the operation, which can hardly even be called a military one, is opening up before NATO: Traditionally, a military operation aims to route an enemy on the battlefield. Here, using force, an attempt will be made

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to stop the bloodshed and ensure the protection of the peacekeeping forces and "safe havens."

The often-mentioned comparison with "Desert Storm," however, is inappropriate in this case. There, the fact of Iraqi aggression was obvious. Logically, therefore, after the Iraqi divisions had been dislodged from Kuwait, the multinational forces stopped. As for the Bosnian Serbs, they are fighting on their own land.... Logically, then, the last successful "pacification" operations, if I am not mistaken, were those carried out by the British Empire — this happened in the last century.

In modern times, since World War II, nobody has ever been completely successful in conducting such operations when regular troops are opposed by people ready to fight to the last member of the tribe, but not to surrender (regardless of whether they are defending genuine ideas or their own mercenary interests). The reasons for this are not strategic miscalculations or insufficient military training of the troops (Who can talk about the poor military training of the U.S. rangers or marines who left Somalia in disgrace after their "humanitarian intervention" failed?). The problem is that the conflicting sides are fighting according to different rules.

Those who are pushed to do something under the pressure of military force can use any, even the most underhand ways of fighting (provocations, terrorism, hostage-taking), believing they are justified by the sole fact that they are confronted with a regular army. As for their adversaries, they are restricted in the choice of methods and means from the very outset, since soldiers and officers need to be persuaded that they came to this land in order to bring peace and salvation. Army commanders know that they will be blamed for all the casualties not only among their soldiers but also among the civilian population. Even when the course of combat operations itself calls for using powerful weapons (a commander of an encircled battalion can do nothing but demand air support, even when he is in a city), this is done with caution.

As a result, such a war ends in large casualties. Even if armed resistance can be broken, there needs to be a political settlement, which may cancel out any military successes. It is completely obvious that the decision to carry out an operation of this kind can be made only if there is no other way out. Quite characteristic in this respect, incidentally, are the hearings on the "Chechen case" at our Constitutional Court, which is constantly hesitating as to whether it should use a purely legal approach or try to elucidate if the use of force was indeed necessary. Whatever the attitude to Moscow's decision might be, however, it is impossible to deny that, by so doing, Russia defended its integrity and sovereignty and its basic state interests.

As for Western politicians, who keep insisting on large-scale military intervention in Bosnia, it is highly doubtful that they will be able to formulate their interests, because there are simply no interests that could make the leading Western states throw their troops into the Bosnian cauldron. If political ambitions, however, lead to intervention, the consequences will be very grave — for everyone who is involved in this new war.

Author Criticizes U.S., NATO Stand on Bosnia

MK2107111095 Moscow SEGODNYA in Russian 21 Jul 95 p 1

[Report by Mikhail Leontyev: "Responsibility and Respect"]

[FBIS Translated Text] The current deplorable situation that the "Bosnian settlement" — or rather the UN peacekeeping contingent, the decisive role in whose actions is played by NATO — has found itself in allows one to take a closer look at the concepts and capabilities of this alliance from the point of view of ensuring security in Europe. This is especially relevant in the context of the currently debated plans for NATO expansion.

Because NATO forces have been assigned the decisive role in conducting punitive operations with respect to the conflicting sides threatening UN peacekeepers and "safety zones," their actions can be used to make an adequate judgment of this organization's capabilities and the quality of its guarantees. Neither in the former Yugoslavia nor in any other "hot spot" have NATO forces or any other structures or countries of the Western community even once managed to score a success. NATO's sole action that has a chance of becoming successful is the planned operation to ensure the safe flight by the peacekeeping forces from the area of the peacekeeping efforts. One has to admit that this is the best the alliance can do in this situation.

In any peacekeeping activity in conflict areas, two basic tasks can be distinguished: the cessation and prevention of bloodshed, and the assurance and restoration of "justice," usually understood from the point of view of the current norms of international law and the protection of the "territorial integrity" of its subjects.

Our Western partners have all along been seeking to teach us through the "Partnership for Peace" or in other ways how to keep peace and security in various regions. A North Atlantic Assembly communique contains recommendations with respect to Russia's peacekeeping efforts: something to the effect that the settlement of

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the Karabakh conflict is only possible under the UN or OSCE auspices or that the withdrawal of the 14th Army from the Dniester region will become the best guarantee of stability in the region. We should be grateful that our partners have refrained from considering the Tajik issue.

It needs to be noted that by now in all the hot spots where its peacekeeping forces are present, Russia has shown that it can achieve peace, i.e., the cessation of endless bloodshed. Whatever the mistakes, failures, or even crimes of individual parties in the process, it is Russia that has proven its decisiveness in securing the result and in making sacrifices and sustaining losses for the sake of it. (Chechnya, just like Korea and Haiti, is no example here because no peacekeeping was involved there).

The rationale is that the ongoing, routine slaughter in the conflict zone is inadmissible and that the sole basis for a political settlement, for any non-coercive negotiations is its cessation for a period long enough for the smell of the mutually spilled blood to disappear.

The "NATO" peacekeepers or international forces under their control are not putting forth any such goals. During the recent discussions in Brussels, high-level NATO officials confirmed that ensuring peace at any price is not their priority at all. "The world community," we were told, "cannot allow an aggressor to be encouraged." (The reference here is to the Bosnian Serbs.) This is a position, one has to admit. But the Western community is also not ready to take adequate measures to ensure the implementation of the concept of "justice," for whose sake their forces are positioned in the conflict area in the first place. For well known reasons related to the functioning of their democratic institutions, Western politicians cannot bring themselves to make adequate use of force and accept the related casualties; they cannot bring themselves to use a division where they try to employ a powerless company or battalion. The idea of using air strikes was so easily supported by Western politicians because it allows one, while minimizing losses, to demonstrate a semblance of efforts being taken. In effect admitting their powerlessness, European strategists refuse to clear the conflict zone of their senseless presence, turning into an instrument of the endless maintenance of bloodshed and the growing severity of the sides. In this sense, the position of the U.S. Congress is only the most consistent expression of the above logic: Open the gates to arms deliveries and let them swim in their own blood. In short, a sufficiently coherent peacekeeping concept which shows that for the Americans, Europe, and especially the Balkans, does not particularly differ from Rwanda.

The position of present-day France continues to occupy quite a special place amid this whole "fair of powerlessness." I shall venture to say that there is a direct link between France's stance on nuclear tests; the demand for active military operations in Bosnia with the aim of restoring the guarantees of the "security zones," wherein France is directly involved; and the apologies made by President Chirac on behalf of the French Republic for the deportation of Jews during WWII. This phenomenon has the political name of "Gaullism," which, translated into normal language, means an understanding of the national interests of one's country as "responsibility" and "respect." From this vantage point, a French politician, unlike self-satisfied socialist bureaucrats or Turkish bashibuzuks [as transliterated], cannot help recognizing the responsibility of his country for the crimes committed by its citizens and authorities under any circumstances. From the same point of view, protests by New Zealand or Dutch "greens" cannot be a consideration for France once a conscious decision has been made that nuclear tests are necessary in order to maintain its national security. The French nuclear strategy can be challenged; there is even more reason to challenge the strange and purportedly inadequate propensity of the French public, and with it the French Government, toward Bosnian Islamists. But France and French politicians have assumed a certain responsibility in Bosnia and do not wish to share the shame of powerlessness and betrayal of their Western partners. From the Russian point of view, it is difficult to share, let alone support, France's "Bosnian" position. Even so, it is the only one that is worthy of respect.

Moscow, Tehran To Conclude Document on Bushehr Plant

LD2407181095 Moscow INTERFAX in English 1719 GMT 24 Jul 95

[From the "Diplomatic Panorama" feature: Reports by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Russia and Iran are to conclude a document shortly on enlarging the contract on the construction of a nuclear power plant in Bushehr, Russia's Ministry for Atomic Energy told INTERFAX.

A Ministry expert said that the sides are finalizing three new provisions on supplying nuclear fuel to the Bushehr nuclear power plant, on the return of the spent nuclear fuel from Iran to Russia for subsequent processing, and on the selection of a bank through which payments will be made.

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The Russian-Iranian contract will go into effect next month.

The same source said that Russian experts will continue their work in Bushehr. "They will decide how to fit a Russian VVER-1000 light-water nuclear reactor into the building of the nuclear power plant," he said.

"The contract with Iran will be fulfilled," said the ministry sources. In their words, Iran has started to pay for the work done by Russian specialists.

Spokesman: DPRK Intervention Clause Under Discussion

LD2507091495 Moscow ITAR-TASS in English 0904 GMT 25 Jul 95

[By Andrey Kirillov]

[FBIS Transcribed Text] Moscow, July 25 (ITAR-TASS) — Russian Deputy Foreign Minister Aleksandr Panov described as untrue media reports saying that Moscow "had secretely informed" Pyongyang that it intended to delete the first clause from the Soviet-era Russian-North Korean friendship and cooperation agreement.

The clause envisions Moscow's "automatic armed intervention" in case of emergency on the Korean peninsula.

However, Panov admitted in an interview with ITAR-TASS today that Moscow and Pyongyang are now holding consultations over this part of the agreement.

"We are now at work, holding consultations with North Korea and will officially announce our stance at a proper time," he said.

According to Panov, the consultations involve a broad range of issues, including the agreement.

The agreement remains in effect until September 1996, the diplomat said.

"Within the year ahead our attitude to this agreement need be announced — whether or not we intend to extend it. We are working out our position, we still have time," Panov said.

Panov described Russia's relations with the North Korean leadership as "sufficiently effective".

He said the relations were "normal" in the period after death of North Korean President Kim Il-song.

Zhirinovskiy Stresses 'Positive Side' of German Ties

AU2107150395 Munich DEUTSCHE NATIONAL-ZEITUNG in German 21 Jul p5 pp 3-5

[Part one of "exclusive" two-part interview with Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, by Gerhard Frey, publisher of DEUTSCHE NATIONAL-ZEITUNG and chairman of the German People's Union, in Moscow; date not given: "German-Russian Friendship As A Guarantee of Peace"]

[FBIS Translated Text] [Frey] I cannot think of any leading Western politician over the past 50 years who has spoken as warmly to the Germans and about the Germans as you have. You have done so not only during our personal meetings and at numerous press conferences, but also during your speeches, including those given to the German People's Union. Despite this, virtually all the German media and most of the Austrian ones have condemned and insulted you so vehemently that anyone would think the German people would suffer a calamity if you were to become president.

[Zhirinovskiy] De Gaulle once called today's Germans poor swine because their backbone had been broken. In any case, it is now a bad practice that many leading Western politicians shamelessly assume the role of teachers and guardians of morals and haul the Germans over the coals, accusing the Germans of bearing the sole blame for past events and saying that the politicians in Bonn bear collective responsibility. So whenever here in Moscow, at the Niebelungen Hall in Passau, or anywhere else I talk on the subject of "Germans and Russians — Friends for Ever," and say that I respect the rights and interests of the Germans, I overstep the accepted threshold.

[Frey] If you were to insult us....

[Zhirinovskiy] In such a case, your television, radio, and press might hail me as a "genuine friend of the Germans," instead of dismissing me as a "Russian Hitler." Your hacks must be quite ill from their hatred of me. There has never been anything like it in the history of the world.

[Frey] What do you think is the purpose of this miserable journalism, which reaches hardly any Russian voter in any case, so that it cannot affect your political standing to the slightest degree?

[Zhirinovskiy] The obvious purpose is to sow hatred of me in Germany, hatred of the largest Russian party, and therefore hatred of Russia itself. People want to prevent the return of the traditional Russo-German friendship before it has a chance to redevelop. In today's world, there is nothing new in trying to convince the media's consumers that an X is really a Y and that broad daylight is really darkest night. People are more dependent on the press's frequent distortions than ever before. Germany has many radio and television channels, newspapers, and magazines. But items on German history and on

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German efforts toward the Russo- German friendship often seem to adhere to some invisible patterns and have nothing to do with reality.

[Frey] Political freedom in Russia has its limits just like everywhere else. But it cannot be compared with the freedom in today's Germany, which supposedly has the freest society in German history.

[Zhirinovskiy] You can say that again. Whenever I appear at a meeting in Moscow or anywhere else, whether the meeting is large or small, whether it is spontaneous or was planned months in advance, it is quite unimaginable in this country for hooligans, anarchists, or other dubious elements to ruin everything. We might not have as many regional television channels as you, but here there really is a balance of various different opinions. The things that we watch on supposedly German channels about your country's national efforts are an incredible mixture of nonsense, downright despicableness, and poor humor. The people responsible do not even shy away from inventing crimes in order to encourage new criminals.

[Frey] Our children already learn about German excesses at school.

[Zhirinovskiy] But even your adults must have had enough of the endless litany about Germany's sole responsibility. Look at the accusations by influential German politicians leveled at their own people during the ceremonies marking 8 and 9 May 1945. During the state banquet here in Moscow, we were very surprised that no German politician defended the honor of German and Russian soldiers. Only Mitterrand did so, for which he was criticized in the Western media. My family and your family suffered terrible losses. The Germans and Russians suffered the greatest casualties. But that cannot provide a reason to insult the brave people on both sides and cover them in mud. Perhaps the only sensible lesson to be learned from the two world wars is that the largest countries of Europe must never again fight each other.

[Frey] We have always agreed that it is evil to launch mutual accusations at each other about the past.

[Zhirinovskiy] We want to see the positive side of our joint history and honor the dead. The best way to do this is to pay homage to the brave, condemn the slanderers, and together face up to today and win a better future.

[Frey] There are no fundamental issues that separate our peoples and countries.

[Zhirinovskiy] We have no major contradictory interests. It goes without saying that both countries observe the principle of noninterference, and respect the other country's sovereignty and full equality. That we are caring toward each other and endow each other with warm feelings is also natural. History teaches us that we must repudiate hostile actions that could create new disorders.

[Frey] You are probably thinking about the fact that visas were refused for your entire Duma faction, so they could not come to the German People's Union meeting in Passau.

[Zhirinovskiy] Yes, I have that in mind as well. You are acquainted with many prominent Liberal Democrat officials and deputies and know from numerous conversations how much they support Germany. Even if it does not suit your media, it is not unnatural for the strongest Russian party to develop particularly warm feelings toward the Germans and demonstrate these feelings by attending a meeting at which I wanted to speak to the Germans. If I am elected Russian president next year, will the gentlemen who refused us visas break off diplomatic relations with Russia or start a conflict because of my pro-German attitude? What kind of crazy world are we living in?

Finnish Prime Minister Lipponen Pays Official Visit

Seeks Economic Cooperation

MM2407102095 Moscow ROSSIYSKIYE VESTI in Russian 22 Jul 95 p 3

[Interview with Finnish Prime Minister Paavo Lipponen by Leonid Laakso in Helsinki; date not given: "There Are No Political Problems Between Russia and Finland, Finnish Prime Minister Paavo Lipponen Believes. His First Visit to Moscow Is Expected Sunday 23 July. His First Interview for the Russian Press Is, of Course, With ROSSIYSKIYE VESTI"]

[FBIS Translated Text] [Laakso] This is your first visit to Russia as prime minister. What is the agenda for your trip to Moscow, what do you expect from it?

[Lipponen] On the one hand, the visit is an official familiarization visit. Traditionally the head of a new Finnish Government pays courtesy visits to his neighbors. I am very glad that despite being tremendously busy Viktor Chernomyrdin has found time for us to meet. During this meeting I would like to talk about our government program and hear first-hand information regarding the progress of Russian reforms.

On the other hand, given that in my view there are no political problems between our countries during the meeting we will be able to focus our attention on examining questions of economic cooperation.

[Laakso] After the breakup of the USSR, Russian-Finnish trade and economic ties inherited considerable

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problems, in particular, what are huge debts by Finnish standards. What are the prospects of resolving this situation?

[Lipponen] It is gratifying to note that our economic cooperation has already gotten over the low point and an unprecedented upsurge can be discerned. This is no coincidence. During the postwar period Russian-Finnish relations developed in such a way that all the reservations were removed, we do not have to bashfully bypass any issues. Mindful of this it is easy for us to make progress since there is mutual respect between our peoples.

As for the debts, within the framework of the Russian-Finnish intergovermental commission for economic cooperation mechanisms are being formulated to pay them off. Needless to say I would like them to be paid off not in military shipments but in nonmilitary output.

As for the prospects for economic cooperation, tremendous opportunities are opening up here in connection with Finland's joining the EU [European Union]. The six-month experience of EU membership has justified our imaginings: It will give fresh impetus to the development of Russian-Finnish cooperation. In particular, in the sphere of developing transit traffic through Finland. The EU is allocating funds for the construction of the high-speed E-18 highway from the Finnish port city of Turku via Helsinki to St. Petersburg. There are also other important projects.

[Laakso] However, Finland's membership of the EU has introduced World Trade Organization [WTO] customs regulations to Russian-Finnish trade. That has held up our relations.

[Lipponen] I see no insoluble global problems here. Russia is an active participant in European integration. This week an interim agreement has been concluded with the WTO and Russia is expected to join the Council of Europe in the fall. All that indicates the broad opportunities which are opening up.

It is important now to begin assimilating them in order to avail ourselves of the fruit thereof as soon as possible. In Moscow, for instance, during the talks we will discuss questions of cooperation in the sphere of power generation. We will not only be discussing our bilateral ties. In particular, not only will we discuss the construction and development of gas and oil pipelines from Russia to Finland but also plans to link them with other power systems and, specifically, with the pipelines on the Norwegian shelf. The Europeans will be able to use this scheme to link up the fuel and energy system into a unified whole like telephone and other communications.

We will discuss all this in Moscow. As you can see, the purpose of the meeting is quite concrete and is designed to develop Russian-Finnish cooperation on a European scale.

[Laakso] Apart from Russia-Finnish relations matters of European security will probably be broached?

[Lipponen] We take a broad view of European security. The economy is the basis for that. Freedom and democracy are necessary for the successful development of the economy.

As for Finland's role in this process, despite our EU membership we would like to preserve continuity in our policy. In particular, what we have achieved in our relations with Russia must be preserved as the basis of our security. In turn, Finland's commitment to the principle of nonalignment and its self-defense capability will in themselves have a stabilizing effect on the situation in northern Europe.

[Laakso] Finland is a party to the NATO "Partnership for Peace" program. It is said that the next step is full-fledged NATO membership?

[Lipponen] Finland is not experiencing a vacuum on the question of security. We are not living in the year zero. During its years of autonomous development, Finland has acquired definite experience of safeguarding its own security. This model suits us and there is no need for it to be changed. At the same time Finland does not lead a closed way of life but is ready to make its contribution to resolving crises in Europe. This is achieved by participating in peacekeeping operations. That is the political line we are following by taking part in NATO's "Partnership for Peace."

As for membership of that organization, let me stress once again that we feel no need for that. It is not one of our principles to bustle busily from one side to the other although we do keep a very attentive eye on the development of the situation. I do not believe that there will be a rapid expansion of NATO.

[Laakso] What are your hopes for Russians during your first visit as prime minister?

[Lipponen] I would like there to be a little more ordinary human contact. In 1978 as part of the "Kukhat" [name as transliterated] water polo team I played a St. Petersburg team from the "Lesgafta" Institute. The Russian sportsmen beat us 12:11. But the sense of joy at sharing ordinary interests brought great satisfaction. I am very interested in architecture now and regret that I do not have a chance to go to neighboring St. Petersburg to study in greater depth the legacy of the great architect Rastrelli.

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I would like our relations to develop not only at the level of politicians and businessmen, but for as many people as possible to take part in interstate contacts. That would give them a unique sense of involvement and is the best guarantor of security.

'No Political Problems' in Ties

LD2407154195 Moscow INTERFAX in English 1450 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Further development of Russian-Finnish cooperation has "most favorable prerequisites," Russian Prime Minister Viktor Chernomyrdin told correspondents Monday after meeting his Finnish counterpart Paavo Lipponen, currently in Moscow on an official visit.

Chernomyrdin stressed that the two states have "no political problems in their relations, and their potential is huge. We must do everything to fully use this potential and achieve progress." Chernomyrdin and his Finnish counterpart "had a detailed conversation on a broad range of issues of mutual interest."

According to sources in the Finnish delegation, the negotiations focused on the payment of the former Soviet debt to Finland, the construction of an oil pipeline to Finland via the Kiresh town, the Russian northwestern Leningrad region, and so on.

In the words of Chernomyrdin, Russian-Finnish border cooperation is developing at slower rates than desired. He said that about 200 border projects are being implemented at a time there could have been 400-500 of them. The negotiations will also discuss simplified border contacts and trade, as well as customs taxes.

Meets Shumeyko on Economic Reform

LD2407194295 Moscow INTERFAX in English 1804 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Federation Council Speaker Vladimir Shumeyko believes that the election campaign will serve to hinder economic reforms in Russia.

As the campaign progresses, "the temperature in society will be rising, the criticism of the government will be stepped up and it will be much more difficult to carry out economic reforms," he said at a meeting with Finnish Prime Minister Paavo Lipponen in Moscow Monday.

However, "it is already clear to me that democracy and parliamentarism will be the winners in elections," Federation Council spokesman Yuriy Algunov quoted Shumeyko as saying.

Algunov also told journalists that Lipponen said that Finland is interested in expanding trade with Russia, particularly with the Leningrad region and Karelia, with whom it shares a border. Finland is also interested in Russia joining the Council of Europe as soon as possible, said the prime minister.

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Political Issues

Barsukov Appointment as FSB Director Viewed

Filatov: Move 'Not Unexpected'

LD2507110695 Moscow ITAR-TASS in English 1059 GMT 25 Jul 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] Moscow, July 25 (ITAR-TASS) — The appointment of Mikhail Barsukov as Federal Security Service director was not unexpected, presidential administration head Sergey Filatov told reporters today after his meeting with a delegation of the Lithuanian sejm.

Filatov said the appointment was considered since 1993.

Filatov said he was sure the working style of the fresh security service director will be "normal", with his professional experience in mind.

Barsukov's performance as Kremlin commandant was not formalistic, Filatov said.

Barsukov has an excellent knowledge of the Kremlin's history and is the author of many published works on this subject.

In addition, Filatov said, the Chief Kremlin Security Directorate of which Barsukov was head means security of not only the Kremlin but of whole Russia, and he had no failings in this post.

Asked about likelihood of a merger of the Federal Security Service and the Chief Security Directorate, Filatov said: "Anything is possible; I don't know, let's wait."

Ilyukhin Calls Appointment 'Natural'

LD2407132495 Moscow INTERFAX in English 1305 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — The nomination of head of the Main Guards' Department, Colonel-General Mikhail Barsukov, to the post of director of the Federal Security Service is "natural," chairman of the Duma's Security Committee Viktor Ilyukhin told INTERFAX, commenting on the presidential decree made public today.

"In the recent past Boris Yeltsin has not nominated professionals. Personal loyalty was taken into account in nomination, and Barsukov is loyal to the president and will stand for his interests," stressed Ilyukhin.

In his opinion, security service staffers will "take this news normally despite the fact that Barsukov was not deeply involved in counter-intelligence."

Ilyukhin thinks this "is not so important for the service head. If he is clever, he will make it with good aides."

Still, Ilyukhin fears the possible development of "political investigations" with Barsukov heading the Federal Security Service.

IZVESTIYA Comments on Appointment

MM2407154595 Moscow IZVESTIYA in Russian 25 Jul 95 p 1

[Article by Valeriy Yakov under the "Cadres" rubric: "Barsukov Appointed Nevertheless"]

[FBIS Translated Text] On 24 July Russian President Boris Yeltsin appointed Mikhail Barsukov director of the Russian Federation Federal Security Service [FSB]. Sergey Medvedev, the head of state's press secretary, gave ITAR-TASS that information.

A few days earlier another news agency had already issued a report that Colonel General Barsukov had been appointed director of the FSB. However, the general himself immediately rebutted this report and expressed "sincere surprise" at such rumors. And after that S. Medvedev assured the press equally sincerely that there was no such edict in the president's office. Thus if the sincerity of the aforementioned officials is to be believed, it may be boldly presumed that the appointment came as a complete surprise to them both.

As for everyone else, journalists, analysts, and security staffers [chekisty] themselves believed that the appointment of the Kremlin's chief guard as the country's chief security official was likely in the first few hours after Stepashin's dismissal. Furthermore, the security staffers viewed this appointment with a sense of deep dissatisfaction barely concealed from the press.

The security staffers have more than enough cause for concern. The fate of the well-known "Alfa" group is only too graphic an example for them — until recently "Alfa" was the state security system's most combative antiterrorist subunit, but since its transfer to Barsukov's command (at the Main Protection Directorate) it has been transformed into a team whose function is to hold an umbrella over the president's head. The counterintelligence people barely hid their fears that if the former Kremlin commandant were appointed their director, their job would be to protect not so much the security of the country as the tranquillity of the Kremlin's occupants.

According to our information, 47-year-old Mikhail Barsukov has traveled a difficult road from commander of a Kremlin regiment platoon to commandant. Aleksandr Korzhakov began service under him as a sergeant.

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When he rose to be the country's chief bodyguard he did not forget his former boss and recommended him for a high Kremlin post. Since then, Mikhail Barsukov began to accompany the president on all his travels and has been a mandatory participant in all the private parties and on many of the fishing and hunting trips. He has achieved fame as an outstanding master of ceremonies who knows how to deliver a brilliant speech and has a toast for every occasion. His wife has become a close friend of Naina Yeltsina, which could be due to the fact that they are neighbors inasmuch as Barsukov has managed to obtain accommodations in the presidential house on the Krylatyye Hills.

The Kremlin commandant has provided the head of state with unstinting, all-around concern and has treated the president's apparatus and the government to tireless attention, thus forcing top officials to talk among themselves in whispers. In this way the peace and security of a single high-level citizen of Russia have been achieved. Now that this appointment has been made only a trivial matter remains — to ensure the peace and security of all the other citizens of Russia.

Implications of Appointment Viewed

MK2507110695 Moscow KOMMERSANT-DAILY in Russian 25 Jul 95 p 1

[Report by Aleksandr Koretskiy: "The Kremlin Commandant Has Been Demoted to a Minister"]

[FBIS Translated Text] Under Presidential Edict 755 of 24 July, Colonel General Mikhail Barsukov, chief of the Main Protection Directorate [GUO], has been appointed a new director of the Russian Federal Security Service [FSB]. Yesterday, according to INTERFAX, the newly appointed director was presented to the department's senior personnel personally by Boris Yeltsin: To this end members of the FSB Collegium were invited to a special sanatorium in Barvikha where the head of state had been moved from the Central Clinical Hospital in the morning. According to the initiators' designs, the personal meeting with the president was supposed to cushion the security personnel's initial shock from the news, as well as from the changes in the FSB structure effected by the president.

The first report about Mikhail Barsukov's appointment as FSB head came on the morning of 20 July. Yet, a few hours later, Presidential Press Secretary Sergey Medvedev denied the news and said literally the following: Barsukov learned about his appointment from Medvedev himself and was "rather surprised" at such rumors. The chief of the Main Protection Directorate himself, either by tradition or out of conviction, prefers not to communicate with the press.

Yesterday showed that the rumor was not groundless. It is not ruled out that the edict on the new FSB chief was indeed signed on 20 July but for a number of reasons was shelved for a while. Only a very narrow circle of people from the president's inner circle who have no particular sympathies for Barsukov could have tried to prevent the promulgation of the document. But despite their efforts (if they were really undertaken), the edict did come out in the end.

Along with Barsukov's appointment, a new FSB leadership structure has been introduced; until yesterday it was as follows: director, first deputy director, and six deputies — directorate chiefs. The first deputy director was Anatoliy Safonov whom, according to some sources, FSB employees were dreaming of seeing in the director's chair. But this did not happen. Under the edict, Viktor Zorin, chief of the FSB Counterintelligence Directorate and deputy director, has become first deputy director. Yet another first deputy has appeared: Anatoliy Trofimov, chief of the FSB Moscow and Moscow Oblast Directorate, who until recently was also a mere deputy. Thus, the role of two — Moscow and counterintelligence — directorates in the FSB has been strengthened. Their chiefs will be shaping department policy — until Barsukov himself has learned the ropes in his new position.

True, it is not ruled out that it will not be Barsukov who will have to adapt to the new place but, quite the contrary, the FSB will have to adjust to fit its new boss and master the GUO methods and style of operation created by Barsukov; this is what the counterintelligence people fear the most. Yesterday many of them were in a state of depression, responding to questions approximately as follows: What will now happen to the service should be asked of the GUO; we can only talk about what it used to be like.

And this pessimism is understandable: In the past two to three years not a few highly qualified professionals have left the FSK-FSB. In effect, all special divisions have been abolished or transferred to the GUO; the investigating apparatus has been destroyed; and many functions, without which the FSB cannot, as before, bring their investigations to the trial stage, have been taken away. There is an opinion that Barsukov, using his influence, including with the president, will be able at least partially to restore the FSB's former power. But chances are that this will be quite another department. According to Nikolay Ryzhak, Major General (Ret.) of the USSR KGB, adviser to the Federation Council on security and defense, Barsukov's appointment will strengthen the position of Aleksandr Korzhakov's group. In a situation where there is no appropriate legislative basis and no due oversight of the activities of the power structures,

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such an appointment, in effect merging the FSB and the GUO (Aleksandr Korzhakov has long advocated the merging of all special services), can create a "rather dangerous monster," Ryzhak believes.

As for Barsukov himself, in spite of the promotion, he has lost much. It is no secret that the GUO's operational capabilities go far beyond what is allowed the FSB (this was graphically demonstrated on 2 December 1994 near the Most group's office).

What has happened can also be assessed as follows: The Kremlin now has only one "defender" — Aleksandr Korzhakov, who has ousted his colleague and friend outside the high walls with great honors.

Yeltsin Cited on Illness, Recovery

MM2407160695 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 1

[Unattributed report: "President Has Completed Course of Treatment"]

[FBIS Translated Text] "Russian President Boris Yeltsin yesterday completed his course of treatment as an inpatient at the Central Kremlin Hospital and has been discharged from hospital."

As Sergey Medvedev, the Russian head of state's press secretary, reported, Boris Yeltsin has gone to the "Barvikha" sanatorium west of Moscow. Citing the opinion of the attendant physicians, the press secretary reported that "the president feels well."

Boris Yeltsin, aged 64, was hospitalized during the night of 11 July because of a worsening of his cardiac ischemia. According to the medical diagnosis, in the president's case this disease took the form of an attack of stenocardia. In an interview for ORT TV given from his hospital room, Boris Yeltsin said that he had felt "unwell" on 10 July and said that he had suffered an "ischemia-related heart attack." "I was hospitalized and at that time I felt poorly, but the doctors took quite intensive care of me and within 48 hours everything had settled down and the recovery process had begun," the president said.

While he was in hospital Boris Yeltsin's working day lasted four hours, which he divided between work on documents and meetings with visitors.

In Yeltsin's words, the doctors have assured him that the "recovery will be complete with no aftereffects and that he will be able to return to strenuous work and sports." The president said that he will continue playing tennis, which, as is well known, is his favorite sport.

Yeltsin Edict Regulates FSB Staffing Levels

LD2407131895 Moscow INTERFAX in English 1305 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — The Russian Federal Security Service [FSB] director will have eight deputies, including two first deputies and a deputy director who is also head of the service's department for Moscow and the Moscow region, says a decree issued by President Boris Yeltsin.

The document introduces changes in the presidential decree of June 23, which covers priority measures for implementing the law on the Russian Federal Security bodies.

The decree, whose text was received by INTERFAX today, says that the Service's Board will have 12 members. The Service's strength is fixed at 1.52 thousand staffers. This number was previously set for the Federal Counter-Intelligence Service, the former name for the Federal Security Service.

Yeltsin Edict Invalidates Soviet Defense Laws

LD2407200095 Moscow ITAR-TASS in English 1926 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, Jul 24 (ITAR-TASS) — Russian President Boris Yeltsin signed a decree on Monday invalidating some of the normative acts on defence issues adopted under the Soviet regime.

The presidential press service said that pursuant to part 1 of Article 87 of the Russian Constitution and in connection with the adoption of the Russian Law "On the Endorsement of the Statute on Military Councils in the Armed Forces of the Russian Federation, the Border Troops of the Russian Federation, the Interior Troops of the Ministry of Internal Affairs of the Russian Federation, the Railway Troops of the Russian Federation, the Government Communications Troops of the Federal Agency of Government Communications and Information under the President of the Russian Federation, and the Civil Defence Troops of the Russian Federation" of September 1, 1993, the president announced the following acts invalid — the Resolution of the Cabinet of Ministers of the USSR "On Amendments to the Statute on the Ministry of Defence of the USSR" of February 12, 1991; the Decree of the President of the USSR "On the Endorsement of the Statute on the Military Councils in the Armed Forces of the USSR, the Troops of the State Security Committee of the USSR, the Interior Troops of the Ministry of Internal Affairs of the USSR, and the Railway Troops" of June 22, 1991; the Decree of the President of the USSR "On the Procedure for Appointing and Dismissing the Members of the Command

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of the Armed Forces of the USSR" of October 12, 1991; and the Decree of the President of the USSR "On the Establishment of a Strategic Containment Force within the Armed Forces of the USSR" of November 12, 1991.

The decree becomes effective as of the day of publication.

Yeltsin Orders Urgent Tax Reform Measures

LD2407173295 Moscow INTERFAX in English 1547 GMT 24 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] [no dateline as received] In one other decree, Yeltsin has ordered urgent measures aimed at improving the country's tax system.

Aleksandr Livshits, presidential adviser for economic matters, told INTERFAX that the latest decree was more of an instruction and completely in line with the existing tax legislation.

He said it was designed to help towards higher tax revenues and relieving the burden of taxation.

Livshits pointed to parts of the decree instructing the government to introduce various rates of the value added tax to stimulate industrial investment and the purchases of new equipment. The government is also instructed to cut the number of taxes.

Livshits said that a reassessment would be made of foreign trade operations to regulate tax on barter deals. The taxation bodies are expected to set up new departments to service the taxpayers and consider their grievances. At the same time, the government is instructed to bring amendments to the Criminal Code envisaging harsher punishment for tax evasion. Livshits said that Yeltsin had annulled his decree on tax amnesty of October 1993.

First Deputy Premier Anatoliy Chubays is appointed in charge of an interim working group for carrying out tax reforms, Livshits said.

Agrarian Leader Rejects Rybkin's Support

LD2507110895 Moscow INTERFAX in English 1057 GMT 25 Jul 95

[FBIS Transcribed Text] Moscow, July 25 (INTERFAX) — Agrarian Party leader Mikhail Lapshin has rejected Chairman of the lower house of the Russian parliament Ivan Rybkin's statement saying the Agrarians "will be the main ally" of the left-of-center election bloc he leads.

Lapshin, currently on a tour of Poland, in a telephone conversation with party staff, said the Agrarians would stand firm on their earlier position, the party's press office told INTERFAX Tuesday.

Lapshin referred to a resolution by the national farmers' assembly of April 5 saying the Agrarians would cooperate with other election associations, parties and groups only if they join the Agrarian Party.

Rybkin, at a press conference in Moscow the day before, named the Agrarian Party and Women of Russia group as the main allies of the left-of-center election bloc.

Agrarian Party officials told INTERFAX at the end of the telephone conversation with Lapshin that he neither met Rybkin before leaving for Poland Sunday nor discussed any questions relating to a possible cooperation between the two election alliances.

They said Lapshin, who is due to return to Moscow on Wednesday, would make "an appropriate statement" following a string of unsubstantiated statements by different election groups of forming a coalition with the Agrarian Party.

Leading Election Contenders' Chances Viewed

MM2407143395 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 22 Jul 95 pp 4-5

[Article "prepared by" Mikhail Gurevich: "The Election Marathon: The Leading Group. The Voters' Choice — Votes 'For' and 'Against'"]

[FBIS Translated Text] An election marathon that will last approximately five months began this week. The president officially announced the date of the next parliamentary elections — 17 December. Another nationwide march to the ballot box awaits us. You would think it was time for the contenders for seats in the State Duma to define their positions. But no — the political landscape is not notable for monumental stability, it is changing like the pattern in a kaleidoscope. The number of officially registered parties is steadily approaching 100. As for public associations that could possibly take part in the contest for a parliamentary seat, their number can hardly be measured. Hardly a weekend goes by now without half a dozen more joining those that already exist. Just one social group, known as "disappointed investors," has already managed to acquire several semi-party structures that are fully prepared for battle and defense. Are you familiar, for instance, with one of them — "TRUTH Liberal-Conservative Alliance"? Yet it exists, the documents have been submitted to the Justice Ministry. How many more midget and ultra-midget "special-interest clubs" will announce their presence as December approaches?

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There is a high probability that in the period remaining before the elections many of the present blocs will either cease to exist or undergo major plastic surgery. And you and I will witness surprise marriages, bitter divorces, and other interesting events. Take, for instance, the lawsuit between two politicians who could not agree on how to share out the party's name. During the last elections, someone lamented that our people have no sense of humor. Look at the Poles — they dreamed up the idea of a beer lovers' party, good for them. No sooner said than done. Now we too have a party of beer worshippers. Furthermore, in Siberia they have started setting up a pelmeni [kind of ravioli] lovers' party. And wonderful flowers have sprung from the Moscow asphalt — the party of love and the party of the seduced and abandoned. Will these last two prove to be tough competitors? It would be interesting to take a look at their discussions. Today we will look more closely at the "leading group," so to speak — some of the main participants in the coming contest for power.

In Our Home — With No Drastic Changes

"Stability — that is the new movement's key word" — so said the premier at the founding congress of "Russia Is Our Home." This slogan should meet with a response from many of our fellow citizens in whom the stormy events of recent years have aroused a nostalgia for solid conservatism. People who realize that those in power today are specialists who are by no means bad at their jobs and who promise consistent pursuit of reforms will obviously give their votes to "Russia Is Our Home." Even some radical democrats who have formerly strongly criticized Chernomyrdin's course have now decided that it is a case of better the devil you know, and they are supporting the "party of power." It is not the easiest thing to go into the elections with that label. The man in the street — even in Switzerland — seldom admits to any affection for the government. Everyone thinks he could govern better.

But it was not for nothing that we mentioned the radical democrats. They would doubtless sign up for many of the methods being used by the premier to maintain the course toward stability: a tough budget policy, an equally tough tax reform, the securing of a stable banking system. And, of course, "assistance in day-to-day work" for regions, enterprises, and labor collectives.

Chernomydin himself is today not what he was few months ago. The "solid economic manager" has turned into a full-blooded party leader. A very prominent one — especially thanks to his conduct during the Budennovsk tragedy, which brought him respect from some and sharp criticism from others. Few people would deny that the premier has recently gained political weight.

The "Russia Is Our Home" movement has one undoubted plus. You certainly can't call it a gathering of the Moscow in-crowd. On the contrary — a substantial role is assigned to local leaders, who, it is well known, ensure the lion's share of the party's success in their regions. The movement can count on the support of the administrative apparatus, representatives of big capital, and the moderate section of democratic circles.

Flying With One Wing?

The political spring this year was marked by the president's decision to create two powerful centrist blocs in order to firmly cut off extreme elements.

While the creation of the "right-centrist wing" headed by the premier is proceeding at full swing, the formal finalization of the "left-centrist wing," which Duma speaker Ivan Rybkin was supposed to head, is, unfortunately, still being postponed.

Unfortunately, because this association, one of whose slogans is "the protection of the individual in the era of transformations," could have secured a significant number of votes from those voters who in the absence of such a wing will either support the Communists or simply stay home on election day.

Alas, things are still unclear. The Agrarians, the trade unions, certain representatives of social democracy which has come back into fashion — various political forces each with their own supporters — just cannot make their minds up. The congress of the "Regions of Russia" movement, at which a large-scale left-centrist association was supposed to be born, was to have taken place this very day. But it has been postponed to the end of August. As the sensible Ivan Rybkin noted, "we have to collect our thoughts." But there is very little time left for the would-be left-centrists to campaign and develop a firm, attractive image.

However, Rybkin himself has already discussed his own program clearly. It is necessary to restore to the population the savings-bank investments that they lost several years ago, to reduce the huge gulf between the rich and the impoverished, and to promote the creation of a proper middle class in Russia.

The Aim Is Clear — Capitalism

Yegor Gaydar is frank about the orientation of "Russia's Democratic Choice": "Our aim is the creation of a civilized developed capitalist society in Russia." Nor does he make any secret of the means by which to achieve his goal. They are the reform of the state

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apparatus, legislative guarantees for private ownership (including private ownership of land), adjustments to the tax system, a change in budget priorities in the direction of science, culture, health care, and support for the disadvantaged instead of subsidies for loss-making enterprises, and the phased reform of the Army, switching it over to a contract system.

As you can see, the reformer is still a reformer. But there are changes — take, for instance, the manifest interest in the social sphere. Remember that Gaydar was severely criticized for an excessive fondness for macroeconomic experiments coupled with disregard for real people. Now, in the preelection period, this emphasis must be made more obvious.

Undoubtedly for a certain section of voters Yegor Timurovich is still the "symbol of transformations" in general. This symbolic status, however, could also be a "minus." Another section of voters is accustomed to blaming Gaydar personally for all the ills of the present day.

Some of Gaydar's opponents attribute to him a kind of "conformism" — they cannot understand: How can you criticize the authorities but not take up a position of hard-line opposition? Have they never heard the well-known saying that "politics is the art of the possible"? Apparently they seriously believe that an entire government should be wiped out because of one minister you don't like. Gaydar will doubtless have the traditional support of democratically minded voters, entrepreneurial circles, and young people.

"No," But Is That All?

Surprising things happen around Grigoriy Yavlinskiy, who gave us the notable aphorism: "Reforms are no substitute for real life!" It seems the intelligentsia supports him most strongly — but they support him so strongly that one could talk about a revival, in the liberal-humanitarian milieu, of a kind of "personality cult."

One TV channel shows colored columns indicating that Grigoriy Alekseyevich has the top confidence rating. The next day another channel presents a reportage — from 200 km outside Moscow, where people have never even heard of Yavlinskiy.

Many politicians think Yavlinskiy will find it difficult not only to win, but even to collect the necessary number of signatures. It is true that the "Yabloko" structure is founded on a kind of "cult of the leader." Yavlinskiy's entourage consists of people of far less caliber. The network of territorial organizations (if you can call it a network) is very weak.

And again — where is the concrete action program that the people can understand? Has anyone explained it? Are they explaining it? You won't get far purely on criticism and principled "noncooperation with this regime." From time to time lengthy monographs appear in the press penned by the leader of the "EPI-tsentr" [Economic and Political Research Center], but we can find nothing radically new in them. "Redistribution of resources between sectors" — who would argue with that? But why should Yavlinskiy be the one to do it, rather than those who have already been working on it for a long time?

To simpler readers and voters, he offers neat formulas like: "The government must cut spending — including spending on itself."

All the indications are that representatives of certain financial organizations and a certain section of the intelligentsia could side with "Yabloko." Nor should we forget the rumors that were in circulation in the spring: that Yavlinskiy and Zyuganov had agreed to cooperate in the elections and "exchange" their electorate. Time will tell.

"The Last Recarving of the World"

You can't describe Zhirinovskiy, you just have to watch him. But are the LDPR [Liberal Democratic Party of Russia] leader's best days behind him or ahead of him? The year before last, Vladimir Volfovich was a marvel to many people. His promises were many and truthful. Using the television time allocated to the party, he did not deliver lectures on the economy, but spoke in language everyone could understand. What has he done? What did he make himself memorable for, in his Duma seat? Mostly for loud accusations and insults to his opponents and scenes that even went as far as exchanging blows. For real contradictions: voting for peace with one hand and for war with the other. Zhirinovskiy now has rivals for the role of ardent unmasker. In this year's elections the public will see memorable new oppositionists who may not repeat Zhirinovskiy's success, but will take away a significant proportion of votes from the Liberal Democrats.

The most resolute members of that section of society that suffered severely as a result of the economic reforms may support Zhirinovskiy. Supporters of this line are unlikely to bother to consider by what means the showy promises will be fulfilled. Could it be that even Zhirinovskiy himself has not thought about that, relying purely on strong-arm tactics to resolve all problems? Although it is very difficult to make a dollar cost 50 kopecks exclusively by means of tanks. Many people will also be frightened off by overtures like this: "This

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will probably be the last recarving of the world, and it must be carried out on a shock therapy basis, suddenly, quickly, efficiently."

Socialism — Ideas and Intentions

Comrade Zyuganov leaves us in no doubt about his intentions: "I am a supporter of the professional, intelligent implementation of reforms; at the same time I believe profoundly in socialist ideas and the communist ideal." Many "expert observers" are predicting victory for the "Communists and Agrarians" in the coming elections. Allow me to differ. First, "Communists and Agrarians" is one thing, and just "Communists" is another. Second, what are "just Communists"?

What was only recently one of the biggest parties in the world has now broken up into a dozen fragments. The strongest section now is the CPRF [Communist Party of the Russian Federation], led by Gennadiy Zyuganov. It will apparently be the most fully represented in the Duma.

The Communists have retained a good structure at local level, where the spirit of party discipline lives on, which, incidentally, is not something their opponents in the democratic camp can boast. But the Communists themselves are not by any means monolithic. The Red presidential candidate Zyuganov is harshly criticized by his colleagues (even at the recent 30th Congress) — both by orthodox Marxists and by street revolutionaries — as a "renegade" and even a "bourgeois." And the "broad masses" themselves, disappointed in today's realities, are beginning to realize that the Communists' return to the power structures does not mean that everything else will automatically go back to being "like it was in Brezhnev's day."

True, in a number of East European countries forces that we call "left-wing" or "pink" are being victorious. But they do not come to destroy or to impose a "bright future" by force. To make adjustments — but not to wreck! Does Gennadiy Andreyevich have a constructive program like that? There is not much sign of it yet.

Zyuganov calls for a "change in the conceptual approach to reforms." Everyone wants to change things, but how will he do it? Repeal privatization entirely and renationalize the enterprises that have been taken out of state ownership? Will not "price regulation" turn into the artificial maintenance of a dead policy and a new spiral of inflation? And the "introduction of an integrated financial system" into another spiral? Zyuganov, like everyone, deplores the rampant crime wave, but he himself has been heard to utter direct threats — if only against journalists. There are more questions than answers. Despite this, the Communists will receive the traditional support of people whose prosperity has declined in recent years, as well as many senior citizens.

Inflated Administrative Apparatus Quantified

MM240/153895 Moscow TRUD in Russian 21 Jul 95 p 6

[Article by political observer Vitaliy Golovachev in response to reader's question: "Forty Thousand Messengers Alone...! Concerning Our Growing Official Apparatus and What State Employees Get Paid;" first three paragraphs are reader's letter]

[FBIS Translated Text] I remember a drawing in school textbooks: A horse straining at a plow that is held by a skinny peasant in sandals and behind him a row of plump babies in top hats and bowlers brandishing large spoons. People of my generation will remember the caption instantly: "One with a plow, seven with spoons," that is, one good worker surrounded by parasites. It was meant to be czarist Russia, in which a vast army of officials and capitalists sponged off the peasants. Our ideologists wrote as if the "seven with spoons" did not exist in the Soviet Union. The enormous official apparatus in the former USSR was, as it were, the cement binding the powerful centralized administrative system. But that is the past. What about the present, now that we are apparently entering the "self-regulating" market economy?

Take a stroll around Moscow. The numerous buildings formerly occupied by union and republican structures apparently do not even provide enough room for the new army of administrators. In accordance with "Parkinson's law" the current bureaucracy has started to multiply, taking up more and more accommodations... What I would like to know, in particular, is how many administrators there are in the federal and regional structures, what people are being paid in ministries, and how many people there are in the apparatuses of the president's staff and the government.

[Signed] Aleksey Fedorov, economist, Moscow

It is a fact that the structures of various levels of authority and administration now occupy many dozens of buildings (it is estimated that the president's staff alone occupies around 40: a vast complex in Staraya Square, which formerly housed the CPSU Central Committee, buildings in the Kremlin, in Triumfalnaya Square, on the Staryy Arbat, and on other areas). The administrative apparatus has grown to such a vast size. You might imagine that the market economy differs from the centralized economy in that it requires fewer overseers and the gigantic pyramid required to control the production and distribution of every single nail has gone. Not so...

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Here are some figures that are absolutely accurate. In 1990 the number of staff in the apparatus of the Russian Federation organs of state power and administration, including ministries and departments of the former USSR, was 662,700. In 1994 it was 1,024,700. In neither case is the apparatus of the Internal Affairs Ministry, Defense Ministry, special services, and customs included. For objectivity's sake, it must be said that in the former USSR many important administration functions were assumed by party organs. In fact, they, essentially, were in overall charge. But even given that, the number of administrators per 100,000 inhabitants is now 1.5 times greater than in the former Soviet Union.

The previous piece on this topic (TRUD 6 April) stressed that the administrative apparatus is growing primarily in the regions — from half a million five years ago to 862,000 now. The biggest increase (100 percent) was at rayon (city) level: There used to be 284,700 administrators and there are now 569,400. On the other hand, there has been a reduction, a considerable one at that, by nearly 50 percent, in ministries and departments, if you take the apparatus in Moscow. As of 1 April around 30,000 people were employed in the central apparatus of federal ministries and departments. Actually, they are not fully staffed: They are short of 5,500 people (compared with the approved establishment).

I think, though, that the number of actual ministries and departments is extremely large — 73. It is only a tiny bit smaller than in the former USSR. But there are only 200-300 people working in a number of ministries. There are federal organizations employing 80-150 people, and in one the figure is 30.

Why do we need so many federal "headquarters"? Prime Minister Viktor Chernomyrdin was right when he talked not long ago about the overblown administrative apparatus. But a further automatic reduction is unrealistic, it would seem. The actual structure of administration needs improving, and there are no significant improvements on the horizon here, despite the fact that talks have been going on for some years.

Incidentally, work in most ministries and departments lost its luster a long time ago. In the first place, the pay is poor; second, it is uninteresting — a great deal of bureaucracy with little good coming from it; third, the role of the former "headquarters" in the country's economic life has declined considerably. Many people are simply quitting this work. In 1994 3,500 officials quit of their own volition and in the first quarter if this year the figure was nearly 1,000. During the aforementioned period a total of around 6,100 people went and 6,240 were taken on. It is characteristic that during January-March this year only 39 people were dismissed due to cuts.

But in the regions the apparatus of ministries' and departments' territorial organs is growing like mad. Compare 1990 — 187,000 administrators — with 1994 — 364,000 — that is, twice as many. The growth of the apparatus at local level is by no means warranted in every case, I believe, particularly as "teams" from Moscow no longer have the magical power they used to have in the localities (often they are not needed at all).

Perhaps the most difficult question among those put by our reader, Aleksey Fedorov, is the size of the apparatus of the Russian Federation president's staff and the government. As it happens, these figures are not easy to obtain, because they are "not for publication." But we can shed some light on the mystery. I was able in different places to look at two official documents (neither is in an way a restricted document, I hasten to add). The first said that in 1994 there were 30,000 people in the central apparatus of the federal organs of executive authority (not counting the apparatuses of the president's staff and the government). The other document, which did not include this qualification, carried a different figure — 37,000. So one may conclude that there are 7,000 people working in the apparatus of the president's staff and the government. Naturally, this does not include service personnel — cleaners, fitters, window cleaners, and so on. The Kremlin and White House apparatus is bigger than that of 14 federal ministries, including the Ministry of Fuel and Energy, the Ministry of Nuclear Energy, the Ministry of Health, the Ministry of Communications, the Ministry of Social Protection, the Ministry of Education, the Ministry of Culture, the Ministry of Construction, and others.

Another "confidential subject" is average pay in the central apparatus of federal organs of executive authority. From time to time a snippet of information gets into the press, but it is all from personal acquaintances. The history of the ban is as follows: A former finance minister once suggested in government that this information should not be published. And although it did not result in an official ban, this material is not passed to the press. Vladimir Panskov, the new finance minister, said in an interview with our paper (14 March) that he was wholly in favor of these restrictions being lifted. "Moreover," the minister said, "I believe the figures must be published." But nothing has changed in the past four months.

This made it all the more interesting obtaining this material. I think they are very interesting data. Given that

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there are more important and significant departments as far as the country is concerned, the differences between average wages in these state institutions appear excessive. Staff at the Justice Ministry, for example, received an average of 318,000 rubles [R] in June (less than the Moscow subsistence wage; at the Russian Spacer Agency it was R292,000, but average pay in the tax service was R1.5 million and in the State Committee for the Management of State Property R1.15 million. Of course, compared with the pay of staff of Moscow Banks and business people (R15-25 million per month) pay of R1 million in a state department seems a pittance. But if you look at pay at the Ministry of Culture (R313,000 per month) you get an entirely different picture. Judge for yourselves. Here are some unpublicized data on average pay in June:

Federal ministries:

Ministry of Nuclear Energy — R758,000
Ministry of Foreign Economic Relations: 911,000
Ministry of Health and the Medical Industry — R1.72 million
Ministry of Foreign Affairs — R639,000
Ministry of Culture — R399,000
Ministry of Education — R402,000
Ministry of Railways — R869,000
Ministry of Agriculture and Food — R674,000
Ministry of Fuel and Energy — R628,000
Ministry of Labor — R702,000
Ministry of Finance — R573,000
Ministry of Justice — R318,000

Other federal organs of executive authority:

State Committee for Sanitary and Epidemiological Supervision — R1.5 million
State Committee for the Management of State Property — R1,154,000
Committee for Water Resources — R354,000
Committee for Precious Metals and Precious Stones — R895,000
State Tax Service — R1,465,000
Federal Administration for Cases of Bankruptcy — R1,294,000

Other federal organs that are not part of the executive authorities:

General Prosecutor's Office — R1.31 million
Supreme Court — R2,279,000
High Court of Arbitration — R1,263,000
Constitutional Court — R1,477,000

In the first half of this year the staff of the central apparatus were paid a total of R94 billion (counting material assistance, payment for food, and so on). This amount does not include the pay of the apparatus of the president's staff, government, Ministry of Internal Affairs, Defense Ministry, Federal Security Service, Tax Police Department... But it is a very small sum, when you consider that the funds allotted in the federal budget for state administration amount to R3,896,000,000,000. Even a layman can see that R3.9 trillion is expenditure on a very great scale...

Need To Regulate Foreign Immigration Viewed

MM2407124595 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 12

["Commentary" by Yuriy Arkhipov, chief of the Russian Federation Federal Migration Service Internal Migration Administration, from the "Departmental Supplement" section: "Who Needs Yet Another Document? Flow of Immigrants Into Russia From Wider World Comes to Several Hundred Each Day"]

[FBIS Translated Text] Experts estimate that there are between 500,000 and 1 million immigrants without a defined legal status from 46 countries to be found on the territory of the Russian Federation. A particularly unfavorable situation from the security standpoint has developed in the Moscow region (more than 180,000), St. Petersburg, Leningrad Oblast, and the Maritime Kray.

Analysis of the reasons for the constantly growing influx of foreign migrants shows that the relatively free access still remains the main factor in the immigration of foreigners into the Russian Federation.

The assumption by Russia of very onerous international commitments in terms of accepting asylum-seekers in terms of both numbers and responsibility since Russia's accession in 1992 to the 1951 UN Convention on the Status of Refugees has had absolutely no bearing on its relations with the new neighboring states and therefore has not resulted in any mutual treaty commitments on the part of the republics of the former USSR in settling problems connected with the reception and transit of refugees and asylum-seekers from outside those countries.

The geographical spread of foreign migration is extensive. People make tracks for Russia from the states of Africa, Asia, and the Near and Middle East in search of a better life, they come as families, in groups, or on their own — women and children, young people, old people, and physically fit men. Recently it has become obvious that our country has been inundated with invalids, cripples, and international loafers and scroungers.

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Some immigrants count on obtaining refugee status in our country; others, the so-called "refugees in transit," intend to use Russian territory as a jumping-off point for Europe.

Many foreign citizens who enter the country in breach of passport and visa controls or who are here by personal invitation or on tourist documents try to remain here. In doing so they are completely unresponsive to the legal obligations of those present on the country's territory. The impunity enjoyed by foreigners and their disregard of our state's legal norms enable them to organize illegal commercial activity, including the transporting of workers across the border and transhipment to the countries of West Europe. Shuttle trips from Russia to the countries of which they are citizens are carried out virtually unhindered via the territory of Azerbaijan, Georgia, Ukraine, and Tajikistan. Uncontrolled migration is skillfully exploited by mafia circles (smuggling, arms trafficking, the shipment of drugs, missiles, and so forth).

The unauthorized settlement of foreigners throughout the country is creating an atmosphere of tension in places where they appear. Certain rayons have been filling up with an unskilled, marginalized work force with criminal tendencies from neighboring countries. especially from the Central Asian region. The considerable increase in the scale of this immigration has already started overstraining the Russian labor market and displacing Russians from certain rayons.

So the need arose for a specific response by the Russian authorities to the growing politicization of certain groups of foreign migrants, who insist on the right to have all their needs met by Russia as the legal successor to the former USSR. Russia is supposed to be responsible for the consequences of Soviet influence in their countries and consequently for their present and future.

All these preconditions resulted in the need to develop new legally binding acts relating to foreign migration, particularly the Russian Federation Government Decree "On Measures To Prevent or Reduce Uncontrolled Foreign Migration."

The promulgation of this decree was further determined by the fact that, after the collapse of the USSR and Russia's accession to the UN convention, work with immigrants from countries further afield was started not by official Russian structures, which were not designated for such activity, but by the regional office of the UNHCR, which adopts a one-sided approach in the very complex migration situation in Russia.

In drawing up the decree it was also necessary to take into account the fact that the Russian Federation law "On Refugees" adopted in 1993 had failed to give proper consideration to the economic, foreign-policy, social, and other consequences for Russia and its population.

At the same time the law failed to indicate — as similar documents in other states do — the required procedure for checking candidates for refugee status or to lay down either the receiving state's right to set limits to refugee numbers on the basis of considerations of its own security or in instances whereby an extreme situation might develop, or the degree to which political activity by refugees was to be tolerated, or the extent of the state's physical potential to accept asylum-seekers etc. The lack of such provisions, combined with the exceedingly humane position adopted by a number of Russian departments and some public organizations, created preconditions for a campaign of pressure on Russia by Western countries and the UNHCR to make the Russian Federation fulfill all the provisions of the convention without exception.

So the question objectively arose of the need for a civilized approach to resolving immigration problems, including the application of immigration quotas for foreign citizens and stateless persons. As happens in other states, notably Sweden, Finland, the United States, France and elsewhere, the quota has to be fixed annually by the Russian Federation government on the basis of state interests, the state's economic potential, population density and employment levels in particular regions, sanitary and epidemiological factors and the ecological situation, and the state's ability to ensure the safety of the immigrants that it does accept.

Something that is new to our state is the need to train Russian judicial bodies to deal with cases involving asylum-seekers' presence on Russian Federation territory, refusals to grant them refugee status, and immigrant appeals against a Russian authorities decision to revoke refugee status as well as the determination of appropriate measures to be taken against immigrants if they disregard Russian legislation.

The ratification of the decision on the "Statute on a Procedure for Working With Foreign Citizens and Stateless Persons Arriving or Staying in Russian to Seek Asylum" lays down a standard mechanism enabling the presence of foreign migrants in the country to be effectively brought under legal control from the moment they cross the state border.

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Media Issues

Gryzunov on Publishing Sector Problems

MM2407143595 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 pp 1,2

[Interview with Sergey Gryzunov, chairman of the Russian Committee for the Press, by unidentified ROSSIYSKAYA GAZETA correspondent, under the "Topical Interview" rubric; place and date not given: "Birth of 'Kniga' to the Tolling of Bells. The Same Fate Is in Store for Our Publishing Trade, Too, Unless Emergency Measures Are Taken" — first paragraph is introduction]

[FBIS Translated Text] Our meeting with the chairman of the Russian Federation Committee for the Press took place at what was probably not the best time for this department. First of all OBSHCHAYA GAZETA's Anna Politkovskaya, that eternal opponent of press ministers, had revealed the latest disclosures about the committee and its leader. Then State Duma Deputy Igor Yakovenko, writing in TRUD, exposed with his customary sense of principle the "plot" by the chairman of the Russian Committee for the Press against the country's printing and publishing trade. Both these publications cited the most diverse sources of information, but both omitted one: Neither newspaper says that it even tried to obtain the viewpoint of the primary source — Sergey Gryzunov, the leader of the Russian Committee for the Press. ROSSIYSKAYA GAZETA asked him to make that omission good.

[Correspondent] Sergey Petrovich, if I have understood it correctly, the aforementioned publications deal with an official memorandum sent by you to the Russian Federation Government. If that is indeed the case, I have to say honestly that I cannot understand what all the fuss is about. Eventually, all ministries and departments send their proposals to the government and the majority of them disappear one way or another when they are examined in greater depth. What is there about this memorandum that terrifies your critics?

[Gryzunov] Our proposals on the creation of the "Rossiyskaya Kniga" association were really nothing more than an official memorandum. They set out the idea of creating a concern. The in-depth, detailed examination of the project would begin only if the idea were given approval. When we submitted it it was in anticipation of the disastrous situation which has now developed at the state's printing combines. Many of them are on the verge of closure: Their equipment is outmoded and in terms of technology we surely lag behind everyone except Zanzibar. The printing houses are not working to full capacity (in these conditions, of course, proper publishers prefer to place their orders with foreign printing houses where the price is lower and the quality higher) and as a result we are beginning to lose assets which it will take decades to replace — namely, skilled print workers. Finally, let me remind you about the school textbook fiasco this year — whichever way you look at it, there was just one reason for it: The state does not have the money for schoolbooks.

Thus the formation of the "Rossiyskaya Kniga" association envisages major investments in our country's printing industry. And that means the protection of jobs and a higher standard of living for those working in the sector. That is the first point. Second, it guarantees the regular production of the federation's range of textbooks without using budget funds. And this is very important if you consider the experience of the recent draft budget debates in parliament when deputies try to cut individual budget items by economizing first and foremost on culture, publishing, the mass media, and of course school literature.

[Correspondent] In your opinion, could it be that State Duma Deputy Yakovenko does not like this way of resolving the schoolbook publishing problem?

[Gryzunov] No, I have no absolutely intention of accusing Igor Yakovenko of being hostile to Russian schoolchildren, for example. I have no doubt whatsoever that he wishes them well. However, once more I have seen for myself that political games are highly dangerous. And not very seemly, either.

I understand what is going on, of course: There are elections coming. The representatives of the parties and movements, including Yakovenko, urgently need to boost their popularity rating with the voters. It grieves me to think this: Will they stop at nothing to achieve their ends? There was such a fuss in the press in spring about the fact that the State Duma Committee for Information Policy and Communications, whose leaders include Yakovenko, essentially sentenced many newspapers and magazines to death by depriving them of state support. It was thanks to their efforts that state support for book publishing was substantially reduced. Now the people who pronounced that verdict are shedding crocodile tears for those they condemned.

[Correspondent] In your view, is the only solution now to turn to the major Western publishing concerns for assistance?

[Gryzunov] Of course I see other solutions. It is either through design or ignorance that our amiable opponents are saying nothing about the fact that the Russian Committee for the Press is working on other projects too. Although given that we are talking about people

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who seem to have no difficulty getting hold of official correspondence between a federal department and the government, ignorance is surely not the appropriate term to use.

Our main draft is to be made public 10 August at a session of the Russian Federation Government. This meticulously worked document, coordinated with ministries and departments, envisages some absolutely specific measures that the state must undertake to save our printing industry. The second part of the materials prepared for the government session is dedicated to the Federal Book Publishing Program.

[Correspondent] Permit me to ask: Are you blaming State Duma Deputy Yakovenko for the lack of such a program?

[Gryzunov] I can only repeat that either the deputy is not up to date with what is happening in the sector that he is directly responsible for or else he is deliberately misleading the readers.

Furthermore, lest anyone should want to speculate on this fact I want to remind people that the book publishing program was drawn up in 1992 in what was then the Russian Ministry for the Press and Information. Since then it has been substantially amended each year and submitted in the hope that the government and parliament will consider it necessary to fund this program and include it in the next year's budget. Unfortunately, that has not happened yet.

[Correspondent] For some reason, Sergey Petrovich, your final remark does not fill me with optimism. Does the fact that the government has decided to examine printing and publishing questions in August mean that the situation in the sector is still not going to be improved in the near future?

[Gryzunov] Judge for yourself. There is one obvious snag which bothers me. The government is due to submit the 1996 draft budget to the State Duma by 1 August and the examination of our questions is scheduled for 10 August. If you bear in mind that the initial draft does not include the allocation of funds either for the Federal Publishing Program or to rescue printing from its impasse, it is reasonable to ask this question: Even if the government does adopt our programs, where will the money to implement them come from? It is extremely difficult to be optimistic in this situation.

[Correspondent] I think I am beginning to understand: The plan for the creation of the "Rossiyskaya Kniga" association presented to the government is a kind of fallback position if state support for the sector is not forthcoming?

[Gryzunov] Yes. Furthermore, this is merely one of the many projects devised at the Russian Committee for the Press. Do you see, I am firmly convinced that we do not have the right to allow sectors to die out or disintegrate.

The belief that among rich Russians you will find plenty of people who want to invest their money in printing and publishing is so naive and divorced from real life that it does not merit serious discussion. I would ask Mr. Yakovenko to talk with the directors of these printing houses which have moved away from the state in recent years and floated themselves. They actively sought partners for themselves in Russia but did not find any. That is understandable: The disintegration of the well-organized system of book distribution means that publishing will not yield a quick return.

[Correspondent] In conclusion, let me ask you an awkward question. In addition to the stories about "Rossiyskaya Kniga," the newspapers also cite a long list of other transgressions by the leadership of the Russian Committee for the Press. They say that when it comes to the distribution of state subsidies you have been pulling strings for the "Terra" publishing house, the presumed partners of the "Rossiyskaya Kniga" association. You have stopped convening the collegium, you don't even hold weekly planning meetings, and the catering staff are resigning because they haven't been paid their wages for months....

[Gryzunov] Even among us journalists, unfortunately, there are those who like to carry out the "state order" with the zeal of an official who is working for his length of service award. This is what is giving rise to a host of farfetched rumors. But I shall answer these absurd accusations briefly. The "Terra" publishing house has not received a single ruble in state subsidy this year. It did appear on the list of applicants once, but I myself unhesitatingly deleted its name — precisely because I foresaw the possibility of accusations of this kind. One catering employee has actually resigned over the year and gone into a commercial organization located on the first story — the wages are three times higher there. About three planning meetings have been canceled this year — but solely because I was absent from Moscow. And until very recently there simply was no collegium in the Russian Committee for the Press because the statute on the committee did not include the formation of a collegium. We have managed to have that statute revised. Next week the collegium of the Russian Federation Committee for the Press, approved by the Russian Federation Government, will be holding its first organizational session.

[Correspondent] Sergey Petrovich, if it is not a secret, what are your immediate plans?

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[Gryzunov] This is an easy one. Work, of course. The sector has plenty of problems, and the attention paid to us increases each day as the elections draw closer. Everyone can understand that. Many political forces want to use us in their own interests. But we want to use the situation in our own interests — that is, to strengthen the sector's material and technical base. At the Russian Committee for the Press, the main requirement made of everyone is competence, professionalism, and — if you like — departmental patriotism.

Military, Nuclear, & Space Issues

Ammunition for Grad Systems May Run Out

LD2407201195

[FBIS Editorial Report] Moscow NTV in Russian at 1800 GMT on 24 July during the 'Segodnya' program carries a report by correspondent Aleksandr Gerasimov that "the war in Chechnya may leave Russia's armed forces without ammunition for rapid fire rocket-propelled systems [e.g. Grad missile systems]." "For the past five years not a single shell has been produced in the country. Every Chechen shot, at a cost of at least $500, uses stocks from the Russian Army."

Gerasimov says that he received this information from the Tula scientific-production enterprise Splav which celebrated its 50th anniversary on 24 July. Over the past 50 years, "the firm's designers and constructors designed all the rocket-fired multiple-tube systems that have become part of the arsenals of the CIS," Gerasimov states. "They shoot Russian Grads in 50 countries all over the world. Grads have not been produced for internal use since 1989." He continues, "the Defense Ministry does not have the resources. The widespread view that during wartime the military-industrial complex's star is in the ascendancy turns out to be untrue for Russia."

Splav's Chief Designer Gennadiy Denezhkin tells NTV that it upsets weapons designers to see their weapons used in their own country rather than against a foreign enemy.

"The Splav enterprise now basically lives on trading its arms abroad and conversion," Gerasimov continues. "There are no new orders from the Russian Defense Ministry. The idea of new systems is in a comatose state." He adds that weapons designers had not used the Chechen conflict to perfect the design of their weapons. The number of jobs in the huge complex is continually falling, Gerasimov says, adding that "the current state of Splav gladdens the heart of any pacifist."

Nuclear Industry Official Cited on Reactor Safety

LD2407150795 Moscow ITAR-TASS in English 1451 GMT 24 Jul 95

[By Anna Bakina]

[FBIS Transcribed Text] Moscow, July 24 (ITAR-TASS) — "The state of Russian nuclear power plants does not cause concern in terms of their safety. Regular examinations by the International Atomic Energy Agency show that the operation of Russian nuclear power plants is stable and there are not any deviations from safety norms," A Russian top nuclear official said on Monday.

The announcement by Anatoliy Zemskov, a spokesman for the Rosenergoatom concern, followed a report on nuclear safety in Russia released by the U.S. Energy Department.

The report listed 10 Soviet-made nuclear reactors as unsafe. These reactors operate in Russia, Ukraine, Slovakia, Bulgaria and Lithuania, it said. U.S. experts pointed out that the reactors are not properly designed and were built in conditions of outdated technolgies and lax control.

Zemskov said these statements do not correspond to the reality, adding that all Russian nuclear power plants are subject to regular examinations and modernisation to increase their safety.

He stressed that the safety of Soviet-made reactors operating in Eastern Europe does not cause any concern, but admitted, however, that some of them need to be upgraded.

GLONASS Satellites Launched With One Booster

LD2407181995 Moscow INTERFAX in English 1719 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Russia's space forces launched three satellites from the Baykonur launch site in Kazakhstan at 19:52 on Monday. The satellites will comprise part of the global dual-purpose navigation system GLONASS.

According to the press service of the Russian space force, the satellites were launched with a Proton-K heavy booster. By July 25 they will be orbiting at the target 19,100 kilometers above Earth.

The Glonass system was given the go-ahead of the Russian armed forces in 1993. The system enables determining the location of any moving (up to 15 meters a second) or standing object on the Earth's surface with a precision of 100 meters. Currently, the system comprises 19 spacecraft, including 18 operating and one

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back-up satellite. By the end of 1995, the system is due to be complete and will consist of 25 spacecraft, including one back-up.

The GLONASS satellites are the work of the Perm-based Polyot aerospace association. The International Civilian Aviation Organization has declared GLONASS the main navigation system for international maritime and air shipments together with the U.S. NAVSTAR.

Federal Assembly

Chechnya Commission Members Disagree on Report

LD2407141795 Moscow Russian Television Network in Russian 1300 GMT 24 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] Viktor Sheynis and Vyacheslav Nikonov, members of the parliamentary commission investigating the reasons for the emergence of the Chechen crisis, expressed their disagreement with the report made by the head of the commission, Stanislav Govorukhin, in Moscow today.

[Correspondent Y. Kuznetsova over video of news conference] The situation with the work of the State Duma commission on Chechnya is far from simple. Deputies have refused to put their signatures to its conclusions and have been complaining that their hopes that ideological contradictions would not get in the way of an overall study of the facts behind the emergence of the crisis have been dashed. Thus, in the opinion of the elected representatives, the results of a huge body of work were slapped in a hurry into a 40-page document.

[Announcer] If one is to judge the commission's work on the basis of this document, then one might well conclude that, essentially, a mountain has given birth to a mouse — and hardly the prettiest of mice — which to a great degree reflects ideological views instead of serving to establish the facts of the Chechen crisis.

[Kuznetsova] Those who gave the press conference disagree with the negative view taken by Govorukhin's commission of the work of journalists in Chechnya. In the opinion of the deputies, the document makes defamatory attacks on the human rights movement and Sergey Kovalev in person. In the opinion of Vyacheslav Nikonov, accusations against a large number of officials were omitted and no reference to the negligence of the authorities in recent years was made. Thus, in the opinion of the deputies, serious doubts must exist about the ability of the commission on Chechnya to continue its work successfully under the leadership of Stanislav Govorukhin.

Role of 'Transitional' Fifth Duma Assessed

MM2407100895 Moscow IZVESTIYA in Russian 22 Jul 95 pp 1-2

[Article by Sergey Chugayev: "Transitional Duma Fulfills Its Historical Role"]

[FBIS Translated Text] The spring session of the lower house of the Russian parliament that ended 21 June can quite rightly be seen as the end of the fifth State Duma's work. The fall session opens 4 October. Before the elections begin deputies will be able to hold at best 15-17 plenary sessions. During these sessions the Duma rostrum will inevitably be used more for electoral propaganda than for legislative initiatives. Consequently, no creative breakthroughs are foreseen. It is time to sum up results.

During its existence — from 11 January 1994 through 21 July 1995 — the State Duma held 122 plenary sessions. During these sessions deputies voted almost 6,500 times. Twice the parliamentarians held a vote of no-confidence in the government, and once on initiating impeachment proceedings against the president.

The Duma has also had the rare experience for any parliament of moving to a new building. We still do not know exactly how much this procedure has cost taxpayers. No separate provision is made in the federal budget for funding the lower house of parliament. More than 179 billion rubles [R] has been spent on State Duma deputies and staff this year. Deputies' aides have earned more than R5 billion. But the lawmakers reckon they are short of money. And next year they intend to request the allocation of R740 billion.

In the course of its lawmaking activity the fifth Duma has had its record breakers and its outsiders. Experts unanimously state that the Liberal Democratic Party of Russia [LDPR] faction has had the most active parliamentarians (those who have spoken most frequently at microphones and from the rostrum, and those who have made the most proposals and statements). The undoubted leader in this contest is former LDPR deputy V. Marychev, a professional mass entertainer. On TV he even managed to overshadow the leader of the Liberal Democrats — for which, it is claimed behind the scenes at the parliament, he was forced to leave the faction. The Communists come second.

But the highest activeness rating by no means indicates that representatives of these factions have been the authors of most of the laws adopted by the Duma. Strangely enough, the government has priority in this area.

Over a short period of time the recently elected lower house member S. Mavrodi has managed to set a record

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for missing Duma sessions. He has attended the Duma just twice. The first time was to take up his seat. This deputy also has most aides — around 200.

S. Mavrodi is followed by deputies who are members of the Russian Government — primarily A. Kozyrev and A. Chubays. There are also the Yekaterinburg banker L. Nekrasov, who has in no way marked his presence in the Duma, and Deputy A. Volkov, who is remembered by journalists solely for having suggested when the Duma began work that deputies' salaries be set at $3,000.

We realize that government members are involved with their main jobs and cannot afford to use the tried-and-tested method of giving their voting cards to trusted colleagues. Yet, whereas in the previous Russian Supreme Soviet deputies were still rather embarrassed to vote with other people's cards, in the current Duma it has become the norm. It is a common phenomenon for there to be no more than 100 deputies in the auditorium who then jump up from their seats during the vote and start running around, pressing buttons. So the second and subsequent places for absenteeism can only be awarded arbitrarily.

On the other hand, for the first time in this Duma we have witnessed exactly the opposite phenomenon. Deputies go to parliament but do not vote. Thus, for instance, Deputy G. Burbulis has not picked up his electronic voting card since March. Strange as it may seem, G. Yavlinskiy very often fails to vote even though he attends sessions.

The virtual mass exodus of well-known politicians from deputies' associations has become a new phenomenon in the Duma. E. Pamfilova, G. Burbulis, and M. Poltoranin have left the "Russia's Choice" faction, and N. Travkin has left the Democratic Party of Russia faction. A. Shokhin has left the Party of Russian Unity and Accord [PRES] faction. All of them were political "stars" of the late eighties and pioneers of Russian democracy. So we can say that the democratic politicians of the Gorbachev era are finally being ousted by a new generation.

But, on the whole, the structure of the Duma's organization has undergone major change since it began work. In January 1994 there were just eight factions, by July 1995 there were 11. Another two associations — the "Power" and "Russian Way" groups — failed to materialize, while one (the "12 December Union") lived and died.

And, strangely enough, the balance of political forces vis-a-vis the executive in the lower house remains approximately the same as it was last January. Analysts have concluded that 256 out of the 444 deputies in the lower house are opposed or sharply opposed to reform. There are 188 lawmakers who support reform unconditionally or with reservations. On 16 June this year 254 deputies voted in favor of the decree in connection with events in Budennovsk, which envisaged examining the question of confidence in the government, and began impeachment proceedings against the president. Last fall 194 lawmakers backed the no-confidence motion in the government, and this June the figure was again 194.

There has been reciprocal counterbalancing movement by supporters and opponents of the president to opposing camps. Some left-wing faction deputies have started to support the executive. Approximately the same number of right-wingers have moved into opposition. The reason for these movements has been events in Chechnya. The "Yabloko" faction's move into opposition has to all intents and purposes split the recent bulwark of the reforms — the "Russia's Choice" faction has shown that in the eyes of representatives of the right wing of the Russian political spectrum the president and the government have ceased to be identified with reform and democracy.

On the other hand, the fifth Duma has managed to do something that neither the USSR Supreme Soviet nor the Russian Supreme Soviet managed — to create a centrist bloc geared to the executive, including the PRES faction, and the "Russia" and "Stability" groups and with close links to the "Women of Russia" faction and the "New Regional Policy" group. The bloc has become a strong counterweight to the Communist-Agrarian opposition and has played a decisive role in the course of the summer parliament-government crisis.

All these events, movements, and changes in the State Duma throughout its existence have had precisely no impact on the development of the socioeconomic situation in Russia. Few serious observers expected that the first parliament and government crises and the impeachment proceedings would affect the situation in the country. Probably only the winter '94 amnesty decision got them worried.

In its almost two years of existence the fifth Duma has shown that it was fully able to become part of the system of power in Russia. It has proved to be no better and no worse than the government and the Presidential Staff. It fully corresponds to their standards. Just as in the executive system, no new bright political figures have emerged. Most Duma members are primarily concerned about their own interests (which was convincingly shown by the results of the second vote of no-confidence in the government). So in the event of Duma leaders joining the executive their actions are unlikely to differ from the current authorities' actions from either the

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moral or professional view. On the one hand, that is no bad thing — it makes for continuity. On the other, such a prospect is unlikely to delight the voters. The rise in A. Lebed's ratings confirms that view.

The fifth Russian Duma was unable to become an unconditional authority for the voters or an example to be copied. It played the role given to it by the Constitution honestly, following all the rules. It thereby effectively fulfilled its historic role as a transitional parliament. Needless to say, it would be too great an exaggeration to claim that as a result of the Duma's work Russia had begun to even dimly resemble a rule-of-law state. Nonetheless, the Duma has passed laws. And these include, for the first time in the past four years, a law on the federal budget and a package of laws on elections. It passed them slowly, with a great deal of effort and a large number of mistakes. But that is the rhythm and tempo that the whole country is currently experiencing — from the president to ordinary workers. So complaining about the fifth Duma is tantamount to complaining about ourselves.

Duma Official Calls For Debate on Economy

LD2407132895 Moscow INTERFAX in English 1306 GMT 24 Jul 95

[FBIS Transcribed Text] Moscow, July 24 (INTERFAX) — Sergey Glaziyev, head of the State Duma economic policy committee, has suggested that an open debate be held on Russia's economic situation in a letter to First Deputy Prime Minister Anatoliy Chubays.

Glaziyev said that Chubays' mistakes and irresponsible decisions are greatly damaging to the country's interests and citizens' welfare because of the high post he occupies. As an example, he pointed to a recent decision to constrain ruble fluctuations within a narrow corridor while it continues to devalue, causing a sharp fall in Russian producers' competitiveness.

The letter says that tens of millions of people in the non-industrial sector are having to face a sharp fall in real earnings because of the government's "gross miscalculation" of the rate of inflation written down at a monthly 2.5%-3% in this year's budget.

Glaziyev said his letter was in response to Chubays' accusations concerning himself in a July 19 interview with journalists, telling lies about a "continued production slump." He described as indecent and unmanly Chubays' attempts at hurling unsubstantiated insults against government opponents, let alone behind their backs.

Duma Decree on Chernomyrdin Report Viewed

MM2407151295 Moscow SOVETSKAYA ROSSIYA in Russian 22 Jul 95 p 1

[Unattributed account of State Duma decree on Russian Government Chairman V.S. Chernomyrdin's report "On the Socioeconomic Situation in the Country": "Instruction to the Government"]

[FBIS Translated Text] The adopted State Duma decree on Russian Federation Government Chairman V.S. Chernomyrdin's report "On the Socioeconomic Situation in the Country" notes the persistence of negative trends in the country's economic and social development: Industrial and agricultural production volumes are decreasing; the decline in investment activity continues and the effectiveness of efforts to attract institutional and individual investors is clearly insufficient; internal disparities in the country's economy are getting worse given the government's weakness in implementing the program to structurally reorganize the economy; the destruction of the country's defense complex continues as a result of the failure to solve questions regarding its conversion, systematic underfunding, and the nonpayment of debts for defense orders met; the population's living standard and its purchasing power are falling; and the country's scientific and technical potential is being destroyed.

The State Duma of the Russian Federation Federal Assembly, taking cognizance of Russian Federation Government Chairman V.S. Chernomyrdin's report "On the Socioeconomic Situation in the Country," noted that certain constructive efforts made by the government toward stabilizing the economic situation are insufficient to achieve the aims set out in the Russian Federation president's message to the Federal Assembly "On the Effectiveness of State Power in Russia" and enshrined in the Russian Federation Government program "Reforms and the Development of the Russian Economy in 1995-1997."

The program's basic provisions were not implemented in the first half of 1995, which gives grounds for deeming the Russian Federation Government's activity in the first half of 1995 to be unsatisfactory.

In order to achieve the aims set out in the Russian Federation president's message, it is recommended that the Russian Federation Government consider the critical comments and proposals made by State Duma deputies during discussion of the report and inform them of the results within a month.

The Duma requested that the Russian Federation president consider the question of Russian Federation Government leaders' personal responsibility for the unsatis-

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factory implementation of the tasks set out in the Russian Federation president's message to the Federal Assembly.

It is recommended that, when implementing socioeconomic policy in the second half of 1995, the Russian Federation Government pay special attention to precisely implementing the ratified 1995 federal budget in accordance with the law "On the Budget Structure and the Budget Process in the Russian Federation," meaning fully funding protected items and reducing the remainder in equal proportion; eliminating all current budget debts for the first half-year before 1 September 1995; carrying out tax reform and improving the system of excise duties and of any other compulsory payments to the budget; implementing measures to socially protect the population, maintain its living standard, and increase purchasing power; stimulating the sphere of physical production and investment; supporting the agrarian complex in order to secure a guaranteed food supply for the country; protecting the domestic market from unfair competition; increasing the effectiveness of activity to regulate the activity of natural monopolies, by ensuring, in particular, unconditional implementation of the law "On the State Regulation of Electricity and Heating Tariffs"; solving in the second half of 1995 the question of increasing wages for teachers at schools, higher educational establishments, and technical colleges, and for scientific workers, and of increasing student grants; accelerating the adoption of effective measures to bring the harvest in; elaborating a policy on depressed regions characterized by a persistent decline in production and growing unemployment; regulating the administration of state property, and achieving other objectives.

Duma Members Oppose Higher Import Tariffs

MK2207140295 Moscow MOSKOVSKAYA PRAVDA in Russian 22 Jul 95 p 1

[Statement: "Mistaken Decision"]

[FBIS Translated Text] MOSKOVSKAYA PRAVDA has received a statement from a large group of State Duma deputies.

The decision by the Russian Federation Government to raise import tariffs, especially those relating to food, the deputies write, will result in a considerable and perhaps uncontrolled rise in the price of staple foods, primarily in Russia's largest cities, and have an extremely grave impact on millions of people in Russia, primarily those badly off. Far from leading to the strengthening of the position of Russian agricultural producers, this kind of measure would leadto the final stagnation of the Russian agrarian sector and total shortages.

We demand from the Russian Federation Government that it abolishthis decision; otherwise the president should have his say.The interests of the kolkhoz-sovkhoz lobby cannot and must not be above the interests of millions of our fellow citizens.

Among those who have signed the statement are P. Bunich, I. Yakovenko, A. Gerber, T. Yarygina, Yu.S. Gusman.

Duma Passes Trust Management, Property Laws

MK2207053695 Moscow SEGODNYA in Russian 21 Jul 95 p 2

[Report by Svetlana Lolayeva: "The Duma Members No Longer Dread the Word 'Trust'"]

[FBIS Translated Text] Lower house deputies, whose views are growing more liberal as the parliamentary vacations approach, yesterday adopted on its first reading the law "On Trust Management of Property," which many of them had refused to endorse just a month ago because of the obscure word "trust."

According to Sergey Burkov, chairman of the State Duma Committee for Ownership, Privatization, and Economic Activity, his colleagues who had insisted that the law "clears the way for runaway privatization" had managed to be persuaded that their fears were unfounded. Another strong argument for the deputies was Mr. Burkov's statement that the law would make it possible to "strengthen oversight of the movement of state property" and to take "a step toward creating a mechanism for the efficient management of state property, which the State Property Committee is so unwilling to do."

In Sergey Burkov's opinion, after the adoption (although so far only on the first reading) of the law on trust management, the Duma will be able to assume a more vigorous stand regarding government-proposed deals on putting state-owned shareholdings under trust management. This concerns, above all, a much discussed proposal by a banking consortium: According to the ownership committee chairman, there are grounds now for recommending that the government and the president take the law passed by the parliament into consideration when concluding such agreements.

Yesterday the Duma also adopted, on its combined second and third readings, the law "On the Privatization of State-Owned Enterprises and General Principles for the Privatization of Municipal Enterprises in the Russian Federation." By passing this law, the lower house — which twice before turned down the government-proposed program for the second stage of privatization

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— has, in fact, acknowledged that privatization is proceeding according to certain rules after all.

Some 760 amendments were made to the draft between its first and second readings, modifying both its content and name. One of the key amendments stipulates that the state privatization program is to set privatization tasks, priorities, and restrictions solely with respect to federal property. Federation components and municipal bodies are given the right to adjust the privatization process themselves, including the development and adoption of their own laws and other normative acts. Yet another significant amendment to the law envisions widening the circle of legal persons having the right to acquire ownership of privatized state and municipal property: The "permissible" state share in the authorized capital of potential buyers has been raised from 25 to 25.5 percent.

In Sergey Burkov's opinion, there is one more provision of fundamental significance in the law: From now on, the government is obligated to submit annually for State Duma consideration a privatization program for the following year. This program should be considered at the same time as the draft federal budget. Mr. Burkov thinks that the tradition of submitting such a program should be launched this year. He said that his committee is going to be very tough this year in demanding that the State Property Committee and the government release full information on anticipated privatization revenues, so that the Duma will not find itself again in the situation of a "deceived maiden" after getting only 11.9 percent of the promised 9 trillion rubles in privatization revenues for the first half of this year.

Duma Passes Bill on State TV, Radio

LD2107204795 Moscow INTERFAX in English 1836 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — The State Duma, the lower house of the Russian parliament, passed in the first reading a bill which suspends any reorganization or privatization of state-owned TV or radio companies until a law on the issue is adopted.

Earlier, the Duma adopted a similar law on the specific terms of the privatization of state television and radio companies, which was later approved by the Federation Council, the upper house, but was rejected on July 6 by the Russian president, who proposed some changes to the law.

Sergey Burkov, head of the State Duma Committee on Privatization and Economic Activities, who presented the bill, said that some of the president's proposals were taken into account when the new version of the law was drafted.

Should the bill be passed, the transfer of the first national TV channel Ostankino's property to the Public Russian Television joint-stock company, created by a presidential decree, will be suspended, said Burkov.

Law Regulating Foreign Economic Activity Approved

MK2207121495 Moscow KOMMERSANT-DAILY in Russian 22 Jul 95 p 2

[Report by Vadim Bardin: "The Federation Council Has Shunned Production Sharing"]

[FBIS Translated Text] Yesterday's Federation Council session was eagerly awaited — especially by foreign investors, Russian oil producers, the Ministry of Foreign Economic Relations, and participants in foreign economic activity. The deputies were to make a decision on the laws "On Production Sharing Agreements" and "On State Regulation of Foreign Economic Activity." Only the second law was passed: The Federation Council adopted the version prepared by the conciliation commission and now the law again awaits the president's signature. The consideration of the production sharing law has been postponed.

The Law on Production Sharing Was Hanging by a Thread

The plot unfolding around the legalization of production sharing activity in Russia has been borrowed from an adventure novel. It involves a struggle around the law's place in the general hierarchy (whether it exists in its own right or is a grade below the law "On Subsoil Resources"), a U-turn in the government position (first "against" and now "for"), and personal intrigue (the law was promoted by Duma deputy Aleksey Melnikov and opposed by his colleague in Yabloko, Senator Yuriy Boldyrev, who is facing excommunication from the bloc). But there has not as yet been a denouement.

According to proponents of the law, yesterday the Federation Council just barely managed to undo their efforts. At any rate, statements by Yuriy Boldyrev, Aleksandr Titkin, and Leonid Sablin (all from the budget committee) in effect swayed the deputies to reject the law. As Aleksey Melnikov told your KOMMERSANT-DAILY correspondent, the production sharing law will not be submitted to this Duma a second time. The basic objections were that first, every production sharing agreement must be ratified by the Federal Assembly. Second, it was proposed not to grant fiscal exemptions for the importation of equipment as part of production sharing agreements. Third, it was proposed to defend the interests of Russian producers by stipulating their

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minimum obligatory participation in implementing production sharing agreements.

It was not until after the break, when, according to the grapevine, Grigoriy Yavlinskiy got in touch with Viktor Chernomyrdin, who is his turn contacted Vladimir Shumeyko, that the situation somewhat relaxed. Mintimer Shaymiyev restrained the deputies from decisive moves. Recalling that at the moment Viktor Chernomyrdin, Yuriy Shafranik and other people who can give a qualified assessment of the law, are in Tyumen, he proposed postponing a decision. There were no objections. It is very likely that the Federation Council will not return to the law "On Production Sharing Agreements" until the fall.

The Law on State Regulation of Foreign Economic Activity Will Be Submitted to the President

The Federation Council did not take long to approve the law "On State Regulation of Foreign Economic Activity." The new version of the law (the previous one was vetoed by the president) has only one article that has been substantially revised. The new version of the law (Article 16) says that control over military exports is established under presidential edicts. Before, the parliamentarians themselves were claiming the right to control military exports. As for the second bone of contention — prohibiting the export contract registration practice by the Ministry of Foreign Economic Relations — although this procedure is not mentioned in the law, its essence has remained the same (Article 13): "Other (unspecified in the law — KOMMERSANT-DAILY) methods of state regulation by way of intervention or the establishment of various limitations is not allowed."

The Federation Council also supported an amendment banning the suspension or prohibition of actions by Federation subjects in the sphere of foreign economic activity on the part of federal executive authorities (Article 9), which also will not be to the liking of the Foreign Economic Relations Ministry. Among the changes that attracted less attention is the specification of financing sources for guarantees and mortgage and insurance funds by Federation subjects. Under the law, this financing will be envisioned as a separate article in regional budgets.

Regional Affairs

Further Reportage, Commentary on Talks in Groznyy

Aide Cites Russian Intransigence

LD2407215395 Moscow ITAR-TASS World Service in Russian 1618 GMT 24 Jul 95

[By Sharip Asuyev and Aleksandr Kharchenko]

[FBIS Translated Excerpt] Groznyy, 24 Jul (ITAR-TASS) — Today, just as expected, proved to be not the last one, but one of the many days of the Chechen talks, which have been under way for several weeks now. [passage omitted]

"The talks in Groznyy began in an attempt to stop the bloodshed in Chechnya and they should not deviate from this goal, however difficult it might be. Therefore, we believe we should get down to implementing the military issues as soon as possible," Movlen Salamov, Dzhokhar Dudayev's aide, told an ITAR-TASS correspondent today. He is an expert of Dudayev's delegation at the talks in Groznyy.

Salamov said the Russian party "is rejecting all compromises, whereas the Chechen delegation has repeatedly shown its readiness to agree on compromises for the sake of the cause." Salamov said the reason for this is that the Russian delegation "does not have a mandate to negotiate the complicated political issues."

An indirect answer to these statements was given today by Mikhail Krasnov, a member of the Russian delegation and the Russian president's aide for legal matters. He said the Russian president has confidence in the delegation members and they have been entrusted to do as they see fit.

Delegates Describe 'Tension' at Talks

LD2407195395 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 24 Jul 95

[Video report by Aleksandr Onosovskiy from the "Vremya" newscast]

[FBIS Translated Text] [Onosovskiy] No specific results were achieved in Groznyy today yet again. Despite the promises made yesterday, the documents from the political block were not signed. Until noon, journalists were practically being kept in the dark about the progress of talks. It was only at lunchtime that Usman Imayev came out of the OSCE mission and explained why, from the Chechen delegation's viewpoint, the talks were being dragged out.

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[Begin Imayev recording] Today the talks are not running late, but rather are being dragged out because of the wording describing the status of the Chechen Republic that will satisfy either side. This is one thing, and the other issue pertains to the structures of authority in the Chechen Republic. [end recording]

[Onosovskiy] Responding to the journalists' insistent demands, members of the Russian delegation, too, clarified their position.

[Begin recording] [Vyacheslav Mikhaylov, head of the Russian delegation] There is one principle that remains unchanged and it is self-determination within the Russian Federation.

[Unidentified speaker] What is the president's attitude to today's talks?

[Mikhail Krasnov, aide to the Russian president] He trusts us. We spoke with him very recently. He has confidence in the delegation and knows the concept of the talks, while leaving it to ourselves to sort out the details.

[Arkadiy Volskiy, deputy head of the Russian delegation] I would like to say that the situation at the talks has deteriorated over the past few days. It has worsened following Dudayev's address, and this should be perfectly clear to you because the address was insulting from many angles, especially regarding the mentioned terrorist acts and other statements he made, the fact that he described the participants in the talks as nitpickers, and so on. The second factor that has worsened the situation is the State Duma's decision on transferring, in the future, two districts of the Chechen Republic to Stavropol Territory. Unfortunately, nobody can explain why Mr. Zhirinovskiy, chairman of the Committee for Geopolitics, has been instructed to prepare this issue. This, too, has created certain tension. [end recording]

Friction Among Chechen Factions

LD2407213095

[FBIS Editorial Report] Moscow NTV in Russian at 1800 GMT on 24 July on its "Segodnya" program carries a 3-minute report by correspondent Andrey Cherkasov on the lack of progress in the Groznyy peace talks.

Cherasov says: "Moreover, the decree of the president of Ichkeria [Chechnya] that we reported in the last few days was officially announced today. Decree No. 25 says that an agreement at the talks will come into force after it has been signed by all members of the delegation and also with the agreement of Dudayev and after publication in the government newspaper ICHKERIA."

Moscow NTV in Russian at 1800 GMT on Thursday, 20 July on its "Segodnya" program reported the following: "According to information from different sources on both sides, they are very dissatisfied in Dzhokhar Dudayev's entourage with Imayev's compliance with Moscow's proposals. Moreover, people close to the general are trying to do everything possible to make Dzhokhar significantly reduce the powers of the Chechen prosecutor. To a certain extent, they have succeeded in doing this. It is very likely that tomorrow a new clause in the Chechen delegation's program will be announced. Dudayev calculated that the final document would be valid if it were signed by all members of the delegation, all and not just Imayev."

Talks Resume; Imayev Absent

LD2507072395 Moscow Radiostantsiya Ekho Moskvy in Russian 0700 GMT 25 Jul 95

[FBIS Translated Text] The talks on a peace settlement for Chechnya resumed today at the OSCE in Groznyy. The negotiation process resumed today in the absence of the head of the Dudayevite delegation, Usman Imayev. We have yet to learn the reason for his failure to turn up.

Status of Chechnya 'Main Problem'

LD2407210195 Moscow Radio Rossii Network in Russian 2000 GMT 24 Jul 95

[FBIS Translated Text] The federal delegation's members offered their views on the talks process. Vyacheslav, head of the Federal delegation, said that the wording of the special status of Chechnya as a component of the Russian Federation remained the main problem at the talks. Incidentally, he noted that the Chechen Republic would probably have greater sovereignty than Tatarstan or Bashkortostan. Mikhaylov also referred to the creation of a single government for the transitional period, which should rule throughout the entire territory of Chechnya until the next elections, as one of the main tasks of the talks.

Today, the talks in Groznyy will continue.

Talks Broken Off, Termed 'Meaningless'

LD2507081795 Moscow Radio Rossii Network in Russian 0800 GMT 25 Jul 95

[FBIS Translated Text] Our correspondent Marina Chernukha reports from Groznyy where negotiations on a settlement for the situation in Chechnya are being conducted.

[Chernukha] The negotiations on a settlement for the situation in Chechnya are yet again breaking up. As

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your correspondent was told in an exclusive interview today, given by Arkadiy Volskiy, head of the Russian Government delegation, Dzhokhar Dudayev's address on local television on Sunday has done much to render the talks meaningless. In his address, Dudayev called the members of both delegations pedants and said that they did not have the right to define relations between Russia and Chechnya or decide on other matters which had come up at the talks. Thus we do not know for now when the fifth round of talks in Groznyy will start.

Talks Adjourned Until 29 Jul

LD2507105195 Moscow ITAR-TASS World Service in Russian 1040 GMT 25 Jul 95

[FBIS Translated Text] Groznyy, 25 Jul (ITAR-TASS) — A technical recess until Saturday was announced today at the talks on a peaceful settlement in Chechnya. Journalists have learned this from the spokesmen for the sides taking part in the talks.

On today's agenda of the meeting was one of the key issues, namely agreeing the sides' positions on particular features of status of the Chechen Republic.

Gunbattle Erupts After Adjournment

LD2507122795 Moscow ITAR-TASS in English 1220 GMT 25 Jul 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] Groznyy, July 25 (ITAR-TASS) — A fierce gunbattle erupted in Groznyy Tuesday right after peace talks were suspended for three days. Fierce fighting is going on close to the OSCE mission hosting the negotiations.

At 15:20, fifteen minutes after the suspension of talks was announced, a Russian check-point situated on the bank of the Sunzha river one kilometre off the OSCE mission, was attacked by separatists who used firearms and grenade launchers.

The command of the federal troops has sent reinforcements to the attacked checkpoint.

At 15:35 the fighting intensified and came closer to the OSCE mission. Chechen snipers were reported to be seen 300 metres (yards) from the mission.

Russian negotiators who are due to leave for Moscow today are still inside the premises of the OSCE mission.

Negotiators Awaiting Court Judgment

LD2507130195 Moscow ITAR-TASS in English 1253 GMT 25 Jul 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] Moscow, July 25 (ITAR-TASS) — The Russian delegation to the peace talks in Groznyy was set to sign a final agreement, reporters were told today by presidential administration head Sergey Filatov.

Commenting on suspension of the talks until Saturday, Filatov said the final agreement needed consensus "on some details, reshaping of the wording, mostly concerning the status of Chechnya, but it seemed to me that all issues were settled on Sunday".

Filatov said he thought "the Chechen side is waiting for the ruling of the Constitutional Court".

The court is to issue a ruling on conformity with the Russian Constitution of presidential and governmental decrees which moved federal forces to Chechnya.

Basayev Interviewed; Firm on Chechen Independence

MK2507085695 Moscow SEGODNYA in Russian 25 Jul 95 p 2

[Interview with Shamil Basayev by Maria Eysmont on 24 July; place not given: "Shamil Basayev Has No Nuclear Weapons. But He Is Confident That He Rules Chechnya" — first five paragraphs are SEGODNYA introduction]

[FBIS Translated Text] **Firemen, Policemen Are Looking for Him** [reference to children's poem "Uncle Stepa the Militiaman" by Sergey Mikhalkov]

The Russian special services have been run off their feet looking for Shamil Basayev, a dangerous criminal, a terrorist. Yesterday SEGODNYA's correspondent discovered the location of the wanted man and interviewed him. The journalist's path was crooked and full of dangers: For instance, the Dagestan militia twice detained her on her way to the bandit and behaved so unambiguously that this dispelled the last doubts about the terrorist's words that on the way to Budennovsk he had paid off militia checkpoints. True, in the end Eysmont became yet another correspondent who has seen Basayev, a nationwide manhunt for whom has been launched.

Vestiges of the previous awe before the omnipotence of domestic intelligence services of all types force one to abandon the idea that they are unable to find the criminal's den. One is led to infer that the special

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services — for one reason or another — simply do not want to catch him now (or ever).

True, Shamil Basayev has his own opinion on this score.

Yesterday, in a mountain village in Chechnya, SEGODNYA's correspondent met with Shamil Basayev, who arrived accompanied by the commander of an independent "Ukrainian battalion" for a meeting with local defense forces.

Asked by SEGODNYA's correspondent to answer a few questions after the meeting with the local defense group, Shamil Basayev said: "Very well, but don't ask me about nuclear weapons. I have none. Back before the war I was offered some nuclear device for $1.5 million, but at the time I did not even have $100 in my pocket."

[Eysmont] Shamil, there is an opinion that in the process of the talks the Chechens have heavily replenished their arms supplies.

[Basayev] I will tell you frankly: We have managed mainly to buy ammunition.

[Eysmont] Are the weapons coming through Dagestan?

[Basayev] No, we buy from Russian officers. It has become too costly to carry weapons via Dagestan or Georgia. There, each checkpoint has to be paid off. A friend of mine was carrying a humanitarian shipment from Baku, and he was fleeced cold near Derbent. And you say weapons....

It is easier with the Russian military: In the last month they have sold us several Grad missiles at 100,000 rubles a piece. True, we do not have enough launchers, but we have learned to launch them just like this: We find a flat patch of land, put up a catapult, connect it to a battery, and launch it. The main thing is to measure the angle correctly. At an angle of 45 degrees, the missile flies 21 km; generally, I know the whole table by heart. A few days ago we bought a large consignment of "flies" (disposable grenade launchers) at a mere 15,000 rubles apiece.

Generally, everybody thinks I am bluffing when I mention this source of arms. But I am speaking honestly. Nobody will be able to close it off, just the same.

Up at that hill (points with his hand) a unit is positioned. They asked us on the radio not to shoot when they take water from the stream. In exchange they offered shells of various caliber, and cartridges.

[Eysmont] But Stinger air-defense systems, with which you frighten the Russians, are not used by the Russian Army.

[Basayev] I had two Stingers even before. Recently, somebody arrived and gave me three more. After Budennovsk various people have been coming and giving something; one even brought a container with some radioactive waste. He said: "Use it, Shamil." "Can't you use it yourself?" I asked. And he said: "You can do it better."

[Eysmont] Recently Kulikov and Maskhadov stated that communication lines have been established between Russian and Chechen military units. How are you using them?

[Basayev] When they break the moratorium, they then get in touch with us and explain why they have done it. The explanation usually runs as follows: "A machine-gun has been fired toward the positions of federal troops from a nearby forest in response to which we had to use tube artillery fire"... but in quite a different direction — at a village.

[Eysmont] Are you ready to disarm, as prescribed by a document which will soon be signed at the negotiations?

[Basayev] Why do we need weapons if the war ends?

[Eysmont] Did you take part in the meeting of field commanders where Umar Imayev and Aslan Maskhadov presented a draft document coordinated with the Russian side and after which the Chechen delegation refused to sign this document?

[Basayev] Maskhadov and Imayev did come to us. We generally supported their strategy leading to Chechnya's independence.

[Eysmont] What do you think of the latest version of the coordinated document, with the formulation: "Chechnya's status will be defined after elections on the basis of the Russian Federation Constitution, the newly adopted Constitution of the Chechen Republic, and norms of international law?"

[Basayev] If they sign it, I shall execute them by firing squad. Imayev has no right to sign anything against Chechen independence — neither does Maskhadov. As for the document, we have analyzed it. We had a few small comments to make on the military part. We did not even look at the economic part. We looked through the political part and struck out the words "on the basis of the Russian Federation Constitution, the newly adopted Constitution of the Chechen Republic." We are ready to make concessions to Russia and, as required by international law, hold a referendum on Chechnya's independence along with elections.

[Eysmont] The Russian Government has repeatedly stated that there will be no mercy on you. Why do you think they are not trying to catch you?

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[Basayev] This is not in their interests. If they want to put me on trial, they will have to answer for their own crimes. I already have a lawyer who is preparing my defense, and if they kill me, I shall become a great martyr. I am not going to leave. I was even offended when Volskiy "sent" me to Pakistan. At the time, incidentally, I was in Rostov and Moscow.

Chechen Government Newspaper Printed in Dagestan

LD2507120495 Moscow Russian Television Network in Russian 1000 GMT 25 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] [Correspondent O. Mamedova] The printing of the Chechen Republic's National Rebirth government's newspaper has begun in Dagestan. Ruslan Karayev, the editor in chief of the newspaper VOZROZHDENIYE [REBIRTH] and its supplement IMPULS, used to work for a youth newspaper in Makhachkala (in Dagestan).

[Begin Karayev recording] The newspaper is about today's life in the Chechen Republic, it contains analysis of what has happened to us, reports on the progress of restoration work, and on what help we are getting. [end recording]

[Mamedova] The IMPULS supplement was published under Dzhokhar Dudayev's regime as an analytical weekly in its own right; it was closed down in 1993. Now it is coming out again and there are plans to make it a separate publication in future. Asked why Dagestan was chosen as a partner for this venture, Karayev replied:

[Begin Karayev recording] Eighty or even 90 percent of printing facilities in the Chechen Republic have been destroyed and the question of resuming the publication of newspapers in our republic simply cannot be raised. As for Dagestan, it has traditionally been a friendly, brotherly neighbor to us. [end recording]

Heightened Security at Leningrad Nuclear Plant

LD2507084395 Moscow ITAR-TASS World Service in Russian 0814 GMT 25 Jul 95

[By Lev Rumyantsev]

[FBIS Translated Text] Sosnovyy Bor (Leningrad Region), 25 Jul (ITAR-TASS) — Measures aimed at preventing possible terrorist acts are being taken at the Leningrad nuclear power station in the atomic industry town of Sosnovyy Bor. Security has been stepped up at the approaches to the station from the air, the sea and the shores, access restrictions have been intensified, and additional restrictions introduced. The ITAR-TASS correspondent was told this today by Aleksandr Kostin, the Leningrad nuclear power station deputy director for access procedures. At the same time he said the atmosphere both at the station and in the city is calm and the station is operating normally.

'Unique Method' Will Identify Nuclear Weapons

MM2507132695 Moscow Russian Television Network in Russian 1000 GMT 13 Jul 95

[From the "Vesti" newscast: Video report from Snezhinsk by L. Shesterkina, identified by caption]

[FBIS Translated Text] [Shesterkina over video of Snezhinsk, a nuclear bomb museum] At the Russian Federal Nuclear Center in Snezhinsk, a unique method has been devised using environmental monitoring to identify countries or cities where secret work to manufacture nuclear weapons is under way. Snezhinsk nuclear scientists guarantee not only 100-percent certainty of detection of the activities of such dangerous disturbers of the peace, they are also able precisely to distinguish between peaceful and military activities. This will make it possible very soon to know for certain which countries are engaging in undeclared nuclear-weapon building and which countries are using nuclear fuel for power generation at nuclear power stations.

In the longer term a Russian-American technical cooperation program should be drawn up under the auspices of the International Atomic Energy Agency to ensure peace on the planet. [Video shows Snezhinsk street scenes, delegation being shown nuclear bomb museum]

Yeltsin Receives Chernomyrdin For Routine Meeting

LD2507110795 Moscow INTERFAX in English 1053 GMT 25 Jul 95

[FBIS Transcribed Text] Moscow, July 25 (INTERFAX) — President Boris Yeltsin now staying at Barvikha health resort near Moscow is planning to receive Prime-Minister Viktor Chernomyrdin around noon Tuesday. This was reported to INTERFAX by the presidential press secretary Sergey Medvedev who added that it will be a routine weekly meeting of the two leaders.

Meanwhile, according to a well-informed source close to the head of state, this is likely to be the only working meeting in Barvikha on Tuesday because it is expected to last long.

The same source believes Chernomyrdin will report the details of the social and political situation in the country and the state of the talks in Groznyy. He is also expected to inform the president about his upcoming visit to

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Uzbekistan (beginning Wednesday) as well as the state of relations with Ukraine in the context of the talks with the Ukrainian Prime Minister Yevgeniy Marchuk beginning in Moscow on Tuesday evening.

"Russia Is Our Home" Adds Petersburg; Mayor Cited

MK2407064695 Moscow KOMMERSANT-DAILY in Russian 22 Jul 95 p 3

[Unattributed report: "Mayor Will Vote for Premier"]

[FBIS Translated Text] Anatoliy Sobchak is not going to join any movement or party, thinking that an independent candidate has more chance to win, but as a voter he will vote for "Russia Is Our Home." He stated this at the founding conference of the St. Petersburg branch of "Russia Is Our Home." The mayor of Petersburg singled out four trends among Russian political parties that stand a chance of getting ahead in the upcoming elections: the neo-communists, national socialists, democrats, and reformers. "Happily for ourselves, the communists have no leaders capable of leading," he added.

Siberian Productivity, Economic Climate Noted

954F2855A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 15 Jul 95 p 2

[Article by Yuriy Pronin: "The Difficult Path Upwards: Economics of the Region During the First Half Year"]

[FBIS Translated Text] At a press conference held Wednesday, Anatoliy Irgl, deputy head of the oblast administration and chairman of the administration's Economics Committee, and Aleksandr Nikolayev, chairman of the Committee for Industrial Policy, presented a report on the results of the first six months of this year. In contrast to the majority of regions in Russia overall, the decline in physical volumes of industrial production ceased in Irkutsk Oblast in November, and growth was observed in this regard. For the first half of this year, this index amounted to 101.6 percent of the level for the same period of 1994. This encompasses 104.3 percent in June (only in Krasnoyarsk Kray are matters better—106.3 percent; the economic decline continues in other territories of Eastern Siberia). The foundation for stable development is being laid by sectors of the fuel and energy complex. The six-month production volume produced by the chemical industry amounted to 115 percent of the January-June 1994 volume, by the electric power sector—110 percent, and by the oil refining industry—102.8 percent. The production level in nonferrous metallurgy did not drop. After a period of deep decline, recovery was observed in the forestry and woodworking industry (125 percent), as well as in the food sector (100.7 percent).

At the same time, production continues to drop in light industry (about 60 percent of the January-June 1994 volume) and machine-building. Livestock production output has dropped 12 percent. The main reason for problems here is the fact that many enterprises lack financial resources due to reciprocal nonpayments and insufficient working capital. The total debtor indebtedness of enterprises has reached 6 trillion rubles [R], creditor indebtedness is R7.4 trillion, while all the funds available in enterprise accounts would be able to pay off only 23 percent of the total nonpayments. On the other hand, the spring field work was accomplished in timely fashion and a good harvest is expected. A process of technical modernization, with the participation of Western firms, will soon begin at a number of facilities in light industry (at the Bratsk and Angarsk garment factories, for example). The volume of funds used in capital construction is 22 percent less than during January-June 1994—this due to a great extent to reduced financing from the federal budget. On the other hand, the percentage of commercial and private investments in construction is growing. The total area of constructed housing increased 6 percent.

Retail trade volume increased 2 percent during the first half of the year. However, the shortage of inexpensive grades and varieties of commodities is being felt. The proportion of state and cooperative trade continues to diminish against a background of intensified private trade. Prices are rising at an accelerated rate in the services sphere. A five-fold increase in absolute profit figures—to R2.8 trillion—provides evidence of gradual adaptation of the economy to market conditions. At the same time, we see a high percentage of enterprises operating at a loss in transportation, public kitchens, and retail trade. On the whole, the structure of the regional economy has undergone significant changes (for example, over a five-year period the share of total commodities production volume attributable to the fuel sectors has increased from 12 to 20 percent, to the oil refining industry—from 12 to 27 percent; the share attributable to the electric power industry dropped from 13.7 to 10 percent, and to machine-building—from 14.6 to 4.1 percent, and light industry—from 2.8 to 0.4 percent).

We have not managed to overcome the trend towards a greater gap between incomes of the well-to-do and poorest segments of the populace. The average monthly per capita income by mid-year was R472,600, average wage—R699,200. In this regard, the average income in industry was R994,200, including a wage of R886,000 (among the sectors lagging behind were light industry—

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R371,900 and machine-building—R517,000; those in the lead were nonferrous metallurgy—R2.2173 million and the electric power industry—R1.3618). The average monthly income in public health amounted to R477,000 (wage—R460,200), public education—R502,900 (R481,200), culture, art, and science—R365,800 (R347,000). The gap in pay between workers in industry and those in the social sphere increased once again this year following a certain (4 percent) reduction over 1990-1994. One of the possible measures being studied by the oblast administration to support workers in the budget sphere is an increase in base pay. The number of people officially registered as unemployed totalled 34,600. This is 2,200 more than at the beginning of the year, but fewer than at the end of the first quarter.

Revenues from privatization over the first half year amounted to R20 billion. The income portion of the oblast budget exceeded planned outlays by R16.3 billion. At the same time, the drop in exchange rate of the dollar, and consequently—in the profitability of export operations, entailed significant losses of budget and nonbudget funds for the oblast which have yet to be calculated with precision. The government's declaration of a "currency corridor" is intended to guarantee at least some minimal profitability level in the foreign trade of raw materials. Wage indebtedness amounted to R173 billion, a significant increase being seen in June in industry and agriculture, and reduction of the debt observed in construction and transportation.

Bug-Infested Kuban Wheat 'Unfit for Food Use'

MM2407121395 Moscow SELSKAYA ZHIZN in Russian 22 Jul 95 p 1

[Unattributed report: "Price of Loaf of Bread Rises"]

[FBIS Translated Text] Krasnodar — While bringing in Russia's largest grain harvest the Kuban may itself end up without bread. This concern was voiced to an ITAR-TASS correspondent by Viktor Krokhmal, president of the "Kubankhleboprodukt" Joint-Stock Company. According to his figures, the bulk of the grain being harvested this year is unfit for bread baking.

Since February grain reception enterprises have been procuring "standing" grain from local farms for regional stocks. In the past these tactics suited everyone: Country people got ready cash ahead of the harvest and the kray got a chance to provide residents with bread that was cheaper than if they had they procured the grain after the harvest. Thus, it proved possible to conclude contacts for 0.5 million tonnes of food wheat. However, when the time came for the farms to deliver the grain, the silos encountered a situation unprecedented in the history of the Kuban. Over 60 percent of the grain proved unfit for food use.

Specialists believe that one of the reasons for this is an insect that has gotten firmly embedded in the grain this year owing to the severe heat. This insect secretes an enzyme that breaks down protein. The pest used to be combated by agronomic services — the crops were promptly treated with chemicals and wheat from forest strips was cut separately. Evidently this year, owing to lack of money, farms have been unable to procure sufficient chemicals and have also violated harvesting techniques.

The kray authorities are now trying to persuade farms not to hide quality grain and not to sell it on the black market but to try and perform contracts concluded previously. They can do this, since 40 percent of the valuable wheat is in a normal state.

The leader of Kuban grain procurements believes that in the near future a loaf of bread in the Kuban, Russia's main granary, will cost around 2,000 rubles [R], twice what it costs today. In other parts of Russia it is forecast that a loaf of bread will cost R5,000-6,000 and in some places even R10,000.

Economic Issues

'National Accumulation' Backed as Basis of Reform

LD2107184095 Moscow INTERFAX in English 1536 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — National accumulation should form the basis of economic reforms in Russia, according to a draft political platform of the Russia Is Our Home movement headed by Prime Minister Viktor Chernomyrdin.

The document will be subject to discussion at the two-day research and practical conference of Russia Is Our Home local branches which is due to open in Moscow Saturday. Chernomyrdin is expected to take part.

Stimulation of national accumulation is needed to ensure the country's sustained economic growth and economic security, the document stipulated. Only a large accumulated domestic capital is capable of implementing the idea, the platform's architects believe. It is through its intensive turnover that the statehood will be strengthened, investment activity raised, more jobs created and sustained economic growth ensured.

The movement assigns priority to developing economic relations with CIS states. Russia needs to maintain closer contacts with East European countries and balance those with the world's main economic centers, according to the document.

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In relations with international financial institutions, Russia needs to achieve moving the accent from crediting Russia's economy and budget deficit to the process of boosting direct and portfolio investments. Russian producers should enjoy equal access to international credit tenders, while the development of special conditions of Russia's stage-by-stage joining of international trade organizations should be ensured.

Mandatory Sale of All Hard Currency Receipts Urged

MK2407071095 Moscow KOMMERSANT-DAILY in Russian 22 Jul 95 p 6

[Unattributed report: "The Finance Ministry Advocates an Obligatory 100-Percent Sale of Hard Currency Proceeds by Enterprises"]

[FBIS Translated Text] The Russian Federation Finance Ministry urges a government resolution on the mandatory 100 percent sale of hard currency receipts by enterprises. Finance Minister Vladimir Panskov said that the existence of double — ruble and hard currency — accounts is "basically wrong." With the 100 percent sale of their hard currency proceeds, enterprises will be able to effect payments under international contracts by withdrawing funds from their ruble account and exchanging them for hard currency, the Finance Ministry head said.

Bank Official Interviewed on New Bank Notes

MM2507135695 Moscow TRUD in Russian 25 Jul 95 p 1

[Interview with Aleksandr Yurov, director of the Central Bank of Russia Emission and Cash Operations Department, by Vitaliy Golovachev; place and date not given: "Meet the New Money" — first two paragraphs are TRUD introduction]

[FBIS Translated Text] On 26 July in Russia new money will appear — bank notes of 50,000 and 10,000 rubles [R] will go into circulation. In September, new R1,000 notes will appear and in October new R5,000 notes. But that does not promise any difficulties for the population and organizations because it is not now a case of the ill-starred "Pavlov" exchanges. Both old and new money will be in circulation. Gradually the old (as they find their way into the banks) will be removed. In the opinion of Central Bank of Russia specialists in two and one half to three years 95 percent of the old money will imperceptibly go out of circulation.

What has given rise to the issue of the new bank notes? This question is answered by Aleksandr Yurov, director of the Central Bank Emission and Cash Operations Department:

[Yurov] As the first signs of stabilization of the Russian economy appear the task of increasing the protection of our money against forgery becomes increasingly urgent. It is for this reason that the newly modified bank notes are being put into circulation. They have 18 degrees of protection. That is up to the level of the best world standards. Our new money is no worse than the Deutschemark and is a unique example of a high degree of protection against forgery. The new Russian bank notes are perhaps the first of which their creators are not ashamed.

Incidentally, the order for this series, which is called "Goroda," was given to artists by leaders of the Central Bank back in May 1993. Over these two years work has been kept very secret and only six people knew the new money was being developed.

[Golovachev] So the present 50,000 ruble [R] bank notes are not best protected? How many forgeries have been discovered?

[Yurov] If you take banking practice alone, in the first half of this year 12,579 forged bank notes were discovered. Compared with the former USSR that is a very large amount but compared with the U.S. dollar very little. Nonetheless it is a sizable figure.

The new bank notes have two watermarks — to the right and left on white fields [kuponnyye polya] This is the first time this has been done in the world.

The R50,000 bank notes have a blue tinge. On the face is the famous sculpture at the base of the rostral column in St. Petersburg on the bank of the Neva and a view of the Peter and Paul Fortress. On the observe is the building of the former exchange and the rostral column in St. Petersburg. The local watermarks are the upper part of the Peter and Paul cathedral in the Peter and Paul Fortress on the broad field and the number 50000 on the narrow field.

The R10,000 bank note is of a greenish-brown hue. It has different drawings: In the center of the note is an engraving of the bridge in Krasnoyarsk across the river Yenisey and a chapel. On the observe is the Krasnoyarsk hydroelectric power station dam.

The new money has the invisible letters "RR" ("Russian Rubles"). These letters can be seen when examining the bank notes at an angle of about 45 degrees in slanting indirect lighting. A vertical metallic security strip 1 millimeter wide has been put into the paper. It can be seen only when held up to the light.

Of course there are figures in relief for people with impaired vision who, by tracing their finger, can determine at once whether it is a R50,000 or R10,000 note

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or a note of some other denomination. The old and new money have to be accepted throughout Russian territory. If some store or kiosk refuses to take the "old" bank notes, the owners could be in serious trouble....

It is a good thing that the Russian ruble is becoming more reliable. It is important only that there should be more money (be it old or new) for Russians, particularly the poor.

Report Reveals Drop in Russian Nickel Usage

MS2507091295 London FINANCIAL TIMES in English 25 Jul 95 p 23

[Report by Kenneth Gooding: "Russian Consumption of Nickel Plunges"]

[FBIS Transcribed Text] Nickel usage in Russia slumped by about 70 per cent, from 51,425 to 15,283 tonnes, in the second half of last year, according to the UK based World Bureau of Metal Statistics.

For 1994 as a whole the fall was about 30 per cent, from 95,128 to 66,706 tonnes, suggests the Bureau which for the first time has included some Russian statistics in its monthly statistical publication.

Mr Lloyd Davies, general manager of the Bureau, points out that its estimate of 1994 nickel consumption in Russia is higher than some other commentators have been suggesting. While the quarterly statistics show an "almost unbelievable" fall in nickel usage in Russia in the second half of last year, the Bureau's estimate for the first quarter of 1995 suggests a revival in demand. "This accords with the general view that the Russian economy is now on the turn," says Mr Davies.

The Bureau puts first quarter 1995 consumption at 15,774 tonnes, up from 2,862 in the final quarter of 1994 — but that still represents a 45 per cent fall compared with the corresponding quarter of 1994.

The statistics show an increase in both Russian nickel output and exports last year and in the first quarter of 1995. Production is put at 190,734 tonnes in 1994 up from 187,786 in 1993 while exports of refined nickel are estimated at 99,969 against 79,796 tonnes. In the first quarter output is estimated to have increased from 41,707 to 50,330 tonnes and exports to have more than doubled, from 10,689 to 29,764 tonnes.

Mr Davies says that the Bureau is attempting to incorporate the 15 successor states to the Soviet Union into its global pattern of reports and "this is proving far from easy to do."

Nevertheless, a start has been made with nickel, the Bureau will begin reporting Russia aluminium statistics next month and, further ahead, similar amendments will be made to the statistics for other non-ferrous metals.

He says that judging Russian nickel consumption was made more difficult because at present there is no way of knowing the extent to which exports of nickel in recent years have resulted from a drawdown of previously non-commercial stocks of the metal or were met from current production. "For consistency and in the absence of any stock statistics to support an alternative view, we have assumed that any surplus stockpile of nickel — commercial or strategic — was liquidated prior to the break up of the Soviet Union at the end of 1991."

Meanwhile, the Bureau's latest quarterly "western world" summary reveals that all the London Metal Exchange-traded metals recorded supply deficits in the first quarter of this year after taking east-west trade into consideration. However the nickel deficit dwindled from 22,000 to only 4,000 tonnes. Nickel also showed the biggest percentage rise in consumption and production in the quarter, driven up by big output increases in stainless steel, the biggest user of nickel.

The Bureau suggests that the copper supply deficit in the quarter rose from 146,000 to 193,000 tonnes, mainly because net imports to the west from the former eastern bloc fell from 128,000 to 69,000 tonnes.

There were falls in both production and consumption of aluminium in the quarter and the supply deficit increased from 51,000 to 107,000 tonnes. According to the Bureau, net eastern bloc exports of aluminium to the west in the quarter fell from 519,000 to 422,000 tonnes.

Statistics on Cost of Living Provided

MK2407072895 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 22 Jul 95 p 1

[Unattributed report: "Subsistence Minimum for a Child in Moscow Amounts to Nearly 750,000 Rubles"]

[FBIS Translated Text] The average minimum subsistence in Moscow, according to the Moscow Trade Union Federation, currently stands at 550,269 rubles [R].

Children aged between seven and 16 are the most "expensive" category of citizens. Expenditure on their food even exceeds the minimum level for the able-bodied male population. Children should have a monthly food intake valued at R546,087, whereas a man needs a minimum of just R397,697. This is due to the fact that a growing child needs more calories than an adult. Total monthly expenditure per child amounts to R743,988.

The monthly minimum subsistence for men is now R645,612, for women — R568,167, and for pensioners — R404,869.

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The average expenditure on food in Moscow is R375,834, and on non-food products R105,101. The various services (transport, municipal services, etc.) cost Muscovites R40,720. Various tax and installment payments amount to R28,614.

Business Seen as 'Life-Threatening' After Murder

MK2407071895 Moscow SEGODNYA in Russian 22 Jul p 1

[Report by Elmar Murtazaev: "Oleg Kantor's Assassination Possibly Linked to Privatization in Aluminum Industry. Employers Think That Business People Are Being Exterminated in Russia"]

[FBIS Translated Text] The assassination of Oleg Kantor, the Yugorskiy Bank president, proves yet again that businessmen can and must look after their own safety without relying on the state. This was said at a press conference of the "Round Table—Russian Business" movement [KSBR] yesterday by its chairman, Ivan Kivelidi. According to him, the time to appeal to the authorities has passed, for "it is very advantageous for the state to have in business people a stable source of revenue and at the same time assert tight control over their activities." The total lack of any wish to fight the criminalization of society by the state leads the KSBR movement to believe that the Russian ruling circles are striving, as before, "to make business people obediently finance their schemes." Mr. Kivelidi squarely rejected the idea that this was a political assassination on the grounds that, in his opinion, Oleg Kantor "had never been seriously engaged in politics." One of the real reasons for the Yugorskiy Bank president's death might have been the bank's increasing activity in the Russian aluminum industry. Mr. Kivelidi recalled in this connection that Yugorskiy Bank had long specialized in the oil industry, but after it lost a number of major customers, it attempted to find its way into other markets and possibly this affected someone's interests.

Vladimir Shcherbakov, the Russian United Industrial Party head, is of the same opinion. He said that the Yugorskiy Bank had been much involved in the privatization of the Krasnoyarsk aluminum plant and the turning of the Achinsk alumina plant into a shareholding company. Mr. Shcherbakov finds it highly probable that there is a link between the murder and the large-scale financial machinations that were recently exposed in the Dagestan branch of Yugorskiy Bank. In addition, as Yugorskiy Bank is run by the Kantor brothers on a family basis, murdering the elder of them might have been an attempt to influence the bank's policy in general. The Russian United Industrial Party head, however, holds the authorities responsible for that. Moreover, bankers and employers, being "the most active, although the least well organized social group," says Mr. Shcherbakov, have run into a situation where business people are actually being exterminated. Not only criminal gangs are involved in this process, but also state agencies, he believes. While the criminals are seeking "to snatch a piece of property for themselves" using overtly criminal methods, the authorities, through their power structures and tax agencies, are setting up in this country a regime under which business is becoming a life-threatening occupation. You can easily push your way into any bank, remove its papers, close down a company without just cause, and no one will be held responsible," Mr. Shcherbakov stated.

Ending the press conference, Mr. Kivelidi said he was hoping that it would be his very last meeting with the correspondents on such a tragic occasion, although he was sure that Oleg Kantor's murder would not be the last dark episode in the history of Russian business and banking.

Measures To Regenerate Industry Urged

MM2507090295 Moscow IZVESTIYA (Financial Section) in Russian 20 Jul 95 p 5

[Article by Petr Korotkevich, academician at the Russian Academy of Natural Sciences: "Continuation of Reforms Without Regeneration of Industry Threatens Russia With Disaster"]

[FBIS Translated Text] The near complete collapse of the basis of the country's economic potential and its production base — manufacturing industry, which was created over the last 50-60 years using the material and human resources of the entire state — is shaping the current socioeconomic and political situation in Russia. Without exaggerating, we are talking about the basis of the country's national wealth, which guarantees its economic, political, and military security.

The main reason for the current situation is the incorrect strategy used in implementing the economic reforms. Russian financial and monetary, industrial, and privatization policies are shaped with the active involvement of international financial institutions and are not always in our national interests.

In the area of finance and credit, the issue of money and credit not backed by goods as well as the excessive increase in the refinancing rate has led to funds released onto the market being used for speculative, short-term transactions. At the same time, industrial enterprises have proved to be almost completely cut off from credit resources. As a result, the decrease in production is in excess of 50 percent of the 1991 level, and the volume of nonpayments between enterprises is practically half the state budget.

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Other consequences of this are a decrease in Russian machinery and equipment exports and high value-added output, and Russia's exclusion from the most lucrative and promising commodity markets. The export balance is dominated by nonrenewable raw material resources. The ruble exchange rate has been artificially lowered on the pretext of the stimulation of exports and the need to meet the budget's revenue targets, leading to the development of an inflationary spiral. This has caused the ending of investment finance for industry and its further strangulation by excessive taxation. Another consequence of the decrease in the ruble exchange rate has been the devaluation of Russian industry's capital assets, which, coupled with the methods and aims of the first stage of privatization, which have not proved justified (the country's industrial potential was valued at the risible sum of $1 billion), is providing foreign capitalists with an opportunity to buy up Russian industry's capital assets at a reduced price, thereby finally excluding it from the markets for high-tech products and confirming its role as an appendage of the West supplying it with raw materials.

Thus the financial measures being implemented by the Russian Finance Ministry and the Central Bank, which were devised with the involvement and support of the State Duma and such international financial institutions as the IMF, the European Bank for Reconstruction and Development, and others, are the main, though not the only, cause of the current crisis in the country.

Mistakes in the area of finance and credit and in the area of privatization have been compounded by mistakes in the area of export-import and industrial policy. The unchecked export of oil and gas and the long-term absence of effective currency and export controls have led to the foreign currency assets of residents of Russia exceeding, according to some estimates, $50 billion. These currency resources, obtained from the export of national wealth, are not being invested in Russian industry, nor are they paying off our foreign debts. They are being used to grant Russia new foreign loans with a view to increasing its foreign debt still further; moreover, the terms on which this money, which is basically Russian money, is made available are carefully regulated by international financial organizations. At best it is used to provide credit for deliveries of Western equipment to modernize the fuel and energy complex with a view to further expansion of raw materials exports.

The policy of liberalizing food imports to the detriment of our own producers has led to major industrial centers being made dependent on foreign and Russian companies involved in its import which are demanding for themselves more and more concessions. The national economy, which is deep in crisis, has been forced to indirectly finance the budgets of the developed countries of Western Europe and the United States. After all, that is what happens when the Russian consumer with a minimum wage of 54,000 rubles (approximately $13) buys imported Snickers bars, and by so doing pays the wages of a European or American worker, pays taxes into the producer country's budget, and pays foreign transport organizations' delivery costs.

These are the main causes of the crisis in the national economy and in its base — Russian industry. Possessing as it does unique natural resources, Russia used to contribute 67 percent of revenue to the union budget, which was used to support regimes with similar ideologies all over the world, to maintain armed forces which were many millions strong, and so on. Nevertheless, the country had a developed health-care system, education, culture, and a standard of living meeting world standards. Now, although it has cast off the burden of these enormous expenses, Russia has not only lost half of its industrial potential and doubled its foreign debt, but cannot ensure a minimum acceptable standard of living to 70 percent of its population.

It seems that, while the general thrust of the reforms must be maintained, the strategy for their implementation must change. Nationwide and state interests, as opposed to the needs of international capitalists and the narrow groups of Russian entrepreneurs and bureaucrats connected with them, should be made paramount.

The key factor here is the regeneration and development of Russia's industrial potential, first and foremost as represented by manufacturing industry's science-intensive and high-tech sectors. Without this it is impossible to carry out the nationwide strategic task of strengthening Russian statehood.

First of all, the financial sector must be stabilized, steering it away from speculative transactions using "short-term money" and short-term state bonds, and toward the financing of long-term projects. So that the banks can build up their own capital and attract loaned capital, it is expedient to revise downward the rates and number of taxes, as well as the size of mandatory reserves of both rubles and foreign currency holdings.

It is, moreover, necessary to place the Central Bank of Russia under government control, removing it from the State Duma's control and obliging it to conduct a policy which has been agreed by the government. At the same time, it is necessary to strengthen the Central Bank's regulating and monitoring role. There seem to be no grounds for remodeling it along the lines of the U.S. federal reserve system. Simply following and copying foreign models does not suit the objective conditions

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obtaining in Russia. On the contrary, it encourages regional separatism and a lack of control in the area of finance, which according to the current legislation falls exclusively within federal jurisdiction.

It is also necessary to stop the practice of trading in privileged resources and pumping them via authorized banks into commercial organizations where they are subsequently written off as nonrecoverable. The state treasury's role should be increased, giving it the status of an autonomous federal organization. Perhaps a state investment bank should be created on the basis of the Central Bank to carry out investment crediting of industry in accordance with the established priorities and to monitor the targeted use of these credits. The aforementioned measures in the sphere of finance and credit policy will pave the way for stabilization in industry.

As concerns industrial policy, a return to the regeneration and development of the manufacturing sectors on a priority basis is needed. The remaining capacities of the military-industrial complex should not produce consumer goods but Group "A" goods, that is machinery and equipment for the civilian sectors of industry. The production and technological potential of the military-industrial complex sectors could support a significant expansion of arms exports and the reestablishment of lost positions on the world market which previously accounted for 25 percent of their volume, and the money earned could be channeled into conversion and the development of the key industrial sectors.

The primary orientation toward the development of the raw materials sectors as the basis of the national economy should be completely reviewed. The most important task is to ensure the recovery of assets deposited abroad which have come from the export of raw materials resources — primarily oil and gas — and to restrict the private national commercial banks' activities in this area. These resources could be channeled into the production of Russian-made equipment for the oil and gas extracting and processing sectors, which will enable them to dispense with expensive foreign credits. Enterprises of the military-industrial complex are fully capable of producing the whole range of essential equipment for both extracting and processing enterprises here without additional capital investment: After all, the ratio of income from selling raw materials abroad to that from selling finished products there is 1:16.

This policy is also dictated by the situation regarding pipelines. In connection with the country's changed geopolitical position (high transit duty, the possibility of unsanctioned access, and so on), the operating of pipelines is becoming unprofitable, not to mention the ecological danger and the retention of the "selective" system of access. The construction of new oil pipelines is unprofitable for the country due to the lengthy recoupment period (at least 15 years, while a foreign partner in the deal would begin to receive the valuable strategic raw material after only three or four years). When oil is in transit for long periods, its quality is sharply reduced, as it becomes transformed from a Newtonian state into a state of aggregation, with a concomitant price reduction.

Another element of the country's reindustrialization should be a privatization policy that facilitates increasing the efficiency of its economic potential rather than squandering it. It is necessary to carry out the certification of federally owned enterprises in accordance with the register of state enterprises, reassess their capital assets, privatize them at realistic prices, and ensure that the treasury receives the shortfall, even in the case of enterprises that have already been privatized. These measures will facilitate the reestablishment of fairness in privatization, its acceptance in society, and a reduction in social tension. They will also enable the purchasing power of the ruble and foreign currencies to be brought into line with their real value, and in this way help to reduce the rate and level of inflation.

A turnabout in the strategy for implementing the economic reforms is impossible without reviewing foreign policy and trading priorities. This particularly concerns the necessity of increasing integration with the CIS countries, stimulating domestic exporters of industrial output, and several other areas of economic and social life.

An essential condition for the successful implementation of the reforms is the centralization of management both of the industrial sectors and the economic complexes. One of the major shortcomings of the earlier attempts at economic reform, which almost resulted in a complete loss of control by the state over economic processes, was the collapse of the skilled and experienced management apparatus and the arrival into the system of untrained outsiders.

The ways of extricating ourselves from the crisis have been outlined. They come down to regenerating Russian industry by reorienting production and achieving financial stability through establishing a realistic ruble exchange rate. To this end it is essential to create investment stimuli, select the right staff and put them in the right place, and carry out constant and effective monitoring of how the adopted decisions are being put into effect.

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Oil Companies Banned From Selling State Shares

MK2507112095 Moscow SEGODNYA in Russian 25 Jul 95 p 2

[Report by Aleksandr Bekker: "Yuriy Shafranik Is Against 'Dissipating' State Property"]

[FBIS Translated Text] After an absence of three years, Viktor Chernomyrdin has visited the Tyumen region. The Fuel and Energy Ministry made quite long and painstaking preparations for this trip, Yuriy Shafranik said yesterday. He also said that the premier approved of the main directions of the ministry's activities — first, a justified change in tax policy with respect to the fuel and energy sector; second, performing economic feasibility studies of active and effective reserves of raw materials in each deposit; third, a project to develop the Nizhnevartovsk oil field; and fourth, an energy strategy for Siberia that is being drawn up on the "Siberian Agreement" association's initiative.

The minister said that, given current taxes, 42 percent of deposits yield virtually no profit. In Russia, it is unprofitable to work if a well produces 10 tonnes of oil a day, whereas in the West they work if the daily production is one tonne. Mr. Shafranik recalled the time when the Samotlor field alone yielded 150 million tonnes of oil a year. Now, oil production has fallen to 20 million tonnes. At the same time, the Samotlor reserves are far from depleted — they stand at 1.2 billion tonnes. The premier agreed that a comprehensive project for the development of the Nizhnevartovsk oil field should be launched. Under the Law on Production Sharing passed by the State Duma several days ago, within the next eight years, $8 billion in investments may be attracted and production may be doubled to yield a profit of $14 billion.

Speaking about reforms in the oil industry, the minister said that they are being carried out in line with presidential edicts Nos. 1403 and 373. The molding of the "old" companies — LUKoil, YUKOS, and Surgutneftegaz — as Mr. Shafranik put it, has entered its final stage. A governmental commission is currently examining the documents, and "the premier is demanding that structural changes in the oil companies should yield the maximum effect." The reason for this tough approach is that the government has tasked the ministry with bringing oil production up to 400 million tonnes (compared with less than 300 million tonnes at present) by 2005.

The minister spoke sarcastically about the fact that "nearly every field wants to become an oil company." In principle, he had nothing against setting up new oil companies and said that, for instance, the Tyumen oil company already exists "on paper" and the corresponding documents have been submitted to the government. At the same time, Yuriy Shafranik noted that the ministry would not give up the concept of the state reforming the fuel and energy sector, with the market being controlled by the state. From this standpoint, his statement that "the federal property within the oil companies should not be partitioned and dissipated" was quite logical. This means that state-owned shareholdings of the largest oil companies will not be sold within the next one or two years. The minister is sure, however, that even without this the industry has something to offer investors: In the second half of this year considerable amounts of the shareholdings of fuel and energy enterprises will be unloaded onto the corporate market.

'Rosugol' Chief Sees Miners' Life Improving

MM2407153095 Moscow TRUD in Russian 22 Jul 95 p 1

[Interview with Yuriy Malyshev, general director of the "Rosugol" Company, by Albert Kozlov; place and date not given: "Miners Not Banging Their Helmets Where They Are Working and Being Paid on Time"]

[FBIS Translated Text] According to specialists, the coal industry could be one of the first sectors in Russia to emerge from the morass of crisis. How justifiable is that conclusion and on what is it based? Our correspondent used that question to kick off our interview with Yuriy Malyshev, general director of the "Rosugol" Company.

[Malyshev] We can now firmly state that despite economic upheavals, wage payment delays, and other negative phenomena, we have held the sector together and prevented it from collapsing. Even though there were plenty of unhappy predictions. Moreover, we have slowly restructured ourselves and there is now a trend toward a revival. We are restructuring the industry — we are closing unprofitable and outdated underground workings, building new pits, creating a machine building base and extra jobs, and solving social problems.

I recently returned from the Kuzbass. I was accompanying Yuriy Shafranik, the minister of fuel and energy, and several State Duma deputies. The first thing that everyone noticed was that the miners were working — there was none of the acute social dissatisfaction that had surfaced in this area in previous years. The Kuzbass has increased coal production by 11 percent since the beginning of the year compared with the same period of 1994.

We visited the closed "Anzherskaya" Pit. It had produced coal for 88 years. We are now building a new pit not far away. Some 600 men have moved from "Anzherskaya" to work there.

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Until recently, their collectives had been sharply opposed to the closure. But when they realized that people would not be thrown out onto the street but given new jobs at new enterprises with modern technology, the protests died down. Preparations for opening up the very promising Yernakovskoye Field have begun. Next in line is the Taldinskiy Open Cut; the "Raspadskaya" Pit has good development potential as well. Five pits are being built in the Yernakovskoye Field along with the Terentyevskaya Railroad Station, through which the miners will dispatch 80 million tonnes of coal a year.

In the next few years six pits will be shut down in the region — in other words, capacity producing 10 million tonnes of fuel will decommissioned, while 25-30 million tonnes of capacity will be brought on stream, but at a qualitatively different level.

With the collapse of the USSR, we lost several mining equipment manufacturers. The coal industry has begun experiencing an acute shortage of equipment. The "Uglemash" Association has now been set up in the Kuzbass, covering a number of enterprises in Kemerovo, Tomsk, and Novosibirsk Oblasts. The Anzhero-Sudzhensk and Yurga Plants are already turning out high-quality output, and the reequipping of pits and open cuts is proceeding more rapidly. If our coal industry restructuring program is implemented, the Kuzbass will be unrecognizable in a couple of years.

[Kozlov] Does that mean there will be no strikes?

[Malyshev] And not only in the Kuzbass. Effectively there is only one direct excuse left today — wage payment delays. The delays have been successfully cut from three months to 15-17 days. Admittedly, delays at certain pits are still marked. These are mainly enterprises where production organization is poor and the leaders lack initiative.

[Kozlov] What about Maritime Kray? According to certain information, social tension in mining collectives there is growing sharply.

[Malyshev] "Rosugol" and the Russian Federation Government are fully allocating to the Far Easterners the sums envisaged under the tariff agreement for current expenditure on the upkeep of the social sphere and for capital investment. Tension is arising as a result of nonpayments by coal customers. The power industry is particularly blameworthy. Attempts are being made to switch to the mutual offsetting of debts in monetary transactions, but a mechanism satisfactory to all parties has not yet been found. For instance, if "Dalenergo" were to cough up even 40 billion rubles [R] of what it owes "Primorskugol" the miners would not only get their wages but could even increase coal production.

We realize that "Dalenergo" has defaulters of its own — particularly defense enterprises and the military. But debts have to be paid, one way or another.

[Kozlov] Out of interest — just how much do customers owe "Rosugol"?

[Malyshev] Around R425 billion. Associations particularly suffering include "Chelyabinskugol," "Tulaugol," "Bashkirugol," "Severokuzbassugol," and "Leningradslanets".

[Kozlov] You visit the regions. What kind of life are miners living at the moment in your opinion — is it better or worse than five or six years ago, say?

[Malyshev] I think it's better. For instance, apart from 2.5 million square meters of state housing, 3.5 million square meters of private housing has now been built in the Kuzbass. Those are quality homes with many rooms. Almost every family has their own car, a refrigerator, various domestic appliances, and nice furniture. They have dachas and truck gardens. People get 60 days vacation a year (80 days in the north). In other words, the predictions by certain oracles about the impoverishment of the miners are not coming true. Of course, there are still plenty of worries and concerns in their lives. They have to contend with poor accommodations, a poor social sphere, and the unreliability of working at pits. But they now have more confidence in the future. The miners are no longer banging their helmets.

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International Affairs

Kiev Offered as Neutral Venue for Bosnia Talks

LD2107132395 Moscow INTERFAX in English 1121 GMT 21 Jul 95

[FBIS Transcribed Text] London, July 21 (INTERFAX-UKRAINE) — The invitation extended to Ukraine to attend the international meeting on Bosnia is evidence of an actual enlargement of the contact group, a source in the Ukrainian delegation at the London meeting told INTERFAX-UKRAINE.

According to the source, "practically everyting has been tested in the effort to resolve the conflict in Yugoslavia". Now, he said, we should either give up old methods for the resolution of the conflict, or make non-traditional decisions.

According to source, the Ukrainian delegation intends to put forward a number of specific proposals at the meeting.

Among the Ukrainian proposals the source named a transfer of the venue of the talks between the warring parties from the area of former Yugoslavia to a neutral region which, according to him, could be Kiev. He emphasized that "Ukraine has no particular interests in the region".

The spokesman stressed that the Ukrainian stand would be based on "upholding the prestige of the United Nations". He considers "partly justified" the view that the UN has discredited itself in Yugoslavia. "One should not allow 'the blue helmets' to be treated this way", the source emphasized.

He also underscored that the Ukrainian position could "partially coincide with Russian approaches to one problem, partially - with American ones to another, and so on".

According to the same source, he is "not sure that a clear consensus can be reached at the meeting". "Yet this must be desired", he noted.

President Leonid Kuchma of Ukraine stated on the eve of the London meeting that Ukraine was not going to withdraw its troops from Bosnia and Herzegovina staying there as part of the UN peacekeeping contingent.

The international meeting on Bosnia opened in London Friday. The Foreign and Defence Ministers of France, the USA, the FRG, Great Britain, Russia, Canada, Italy, the Netherlands, Spain and Ukraine; representatives of the command of the NATO forces and the UN are participating in it.

Ukraine's delegation has been for the first time invited on the initiative of Great Britain to take part in large-scale representative consultations on the Yugoslavian problem.

Political and military aspects of the settlement of the conflict in former Yugoslavia have been planned for discussion at the conference. The first stage of the meeting will be held from 10.00 to 13.30 G M T, the second one - from 14.00 to 17.30.

British Foreign Minister Malcom Rifkind will give a news conference at 18.00. Ministers, who participated in the meeting, will give news conferences later.

Foreign, Defense Ministers View London Meeting

WS2507105995 Kiev INTELNEWS in English 2352 GMT 24 Jul 95

[By Ihor Zhyhyr, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 24 — Foreign Minister Hennadiy Udovenko and Defense Minister Valeriy Shmarov divulged the results of the contact group session on the former Yugoslavia that was held in London and included 12 countries.

According to the foreign minister, Ukraine's position came to three main points: activation of political solutions of the conflict; searching for extraordinary decisions; and institutionalizing the London conference, holding such conferences regularly.

"We want to participate more actively in solving the conflict. Ukraine offered itself to be a mediator in negotiation and a location for such meetings of all sides in the conflict," Udovenko said. Ukraine suggested that Ukrainian representatives and experts participate in the group's work and in possible talks in Bosnia.

Apart from political and humanitarian aspects of the situation in Bosnia, the contact group also discussed military issues. The main task of the Ukrainian delegation was to attract attention of the conference on the critical situation of Ukrainian troops in the Gorazde and Zepa enclaves. "Our aim is to provide for the safety of Ukrainian soldiers," Shmarov said. "So we are currently leading consultations with the United Nations Organization and NATO and preparing operations to evacuate Ukrainian solders from Gorazde."

Shmarov cautiously criticized the United Nations, saying the organization should be more active in finding a solution to the conflict and "all peacemaking operations are to be better prepared."

The sitting in London discussed the status of safety zones in former Yugoslavia, Shmarov said. "The peacekeeping forces in Yugoslavia are to be increased and

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given more responsibility and freedom in making decisions."

Udovenko declined to comment on the ultimatum issued by the United States, France and Great Britain to the Serbs. "I do not have enough information to comment," he said.

Udovenko Urges 'Political Settlement'

LD2407171795 Moscow INTERFAX in English 1647 GMT 24 Jul 95

[FBIS Transcribed Text] Kiev, Jul 24 (INTERFAX-UKRAINE) — The feature in common between the decisions of the London conference on Bosnia and the proposals put forward by the Ukrainian delegation is that their main objective is to overcome the Bosnian crisis by political methods, Ukrainian Foreign Minister Udovenko told the press conference in Kiev on Monday [24 July] in answer to a question from the INTERFAX-UKRAINE agency.

In the course of the meeting in London, Ukraine proposed mediation for a political settlement of the conflict and raised the question of a more active participation of the international community in deciding the destiny of Ukrainian peacekeepers, whose two companies are known to be blocked in the Muslim Zepa and Gorazde enclaves.

Ukraine's proposals on mediation "met with certain support during the bilateral meetings" held in London, Hennadiy Udovenko said.

The Ukrainian foreign minister also disclosed that "Ukraine's detailed written proposals on her mediatory role" had been addressed today to Carl Bildt, co-chairman of the international conference on former Yugoslavia. "We are looking forward to a reaction," the foreign minister said.

He pointed out that a military settlement of the conflict is impossible, since "a full-scale guerrilla war is under way" in Yugoslavia.

Ukraine's Defence Minister Valeriy Shmarov told newsmen that there had been practically no change in the situation around the besieged Ukrainian companies over the past two days. The 72 men-strong Ukrainian company in Gorazde has been actually completely disarmed, he disclosed. On an understanding with the command of the Sarajevo sector Ukrainian peacekeepers are covered up by British "blue helmets".

As was reported earlier, on Monday the command of the UN peacekeeping force in Bosnia and Herzegovina is discussing plan for the speediest evacuation of the second and third companies of the 240th Ukrainian battalion out of the Muslim enclaves Zepa and Gorazde in Sarajevo.

Local Laws To Conform to European Standards

WS2407112295 Kiev INTELNEWS in English 2333 GMT 21 Jul 95

[FBIS Transcribed Text] Kiev, July 20. Ukraine must coordinate its laws with European legislation to become democratic, Parliament Deputy Speaker Oleksandr Tkachenko told Claude Eguy, head of the Council of Europe Local and Regional Congress Regional Chamber.

Eguy is studying Ukraine's preparations to join the Council of Europe. A Ukrainian committee, including parliamentary and presidential administration officials, presented Ukraine's progress in legislative reform and human rights protection. The adoption of the constitutional agreement between the president and Parliament was the first step to membership in the Council of Europe, Eguy said.

However, several obstacles prevent Ukraine's membership in the international organization. The constitutional agreement contradicts the law on local government, and Ukraine still lacks a constitution.

"Several draft constitutions exist and by year-end several will be reviewed by Parliament," Eguy said. "The adoption of the new constitution is planned for the first half of 1996."

Parliament is preparing local government laws which correspond to European standards. In the second half of the year, the legislature will adopt the principle of local self-government which was proclaimed in the European Charter on local government in 1985.

U.S. Navy Participates in Joint Exercises

LD2407191195 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 24 Jul 95

[From the 'Vremya' newscast]

[FBIS Translated Text] For the first time in U.S. naval history, there was a landing on the Black Sea coast today.

[Correspondent Yuriy Selivanov] Here we are on board the American assault craft Pensacola. In a few minutes, U.S. marines will for the first time in history land on the Ukrainian shore. Incidentally, the scale of the landing exercise operation literally the day before was considerably restricted. One of the vessels — the helicopter-carrier National [as heard] with 500 marines on board

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— was sent by the U.S. 6th Fleet Command to the Adriatic in the event of a further exacerbation of the situation in the Balkans. Nevertheless, the American side, despite the whole complexity of the military-political situation, decided not to refuse the joint exercises with the Ukraine, which only goes to emphasize the importance attached to them.

The landing was carried out in the region of the port of Yuzhnyy, which is in close proximity to major industrial facilities in the southern Ukraine — the ammonia chemical works and an oil terminal which is under construction.

Later this evening the U.S. marine units will carry out a march in their equipment to the (?Shirokolanovka) training ground where the main phase of the exercise will begin the day after tomorrow.

Joint Communique on Kuchma Visit to Belarus

AU2407132995 Kiev URYADOVYY KURYER in Ukrainian 20 Jul 95 p 3

[Undated "Joint Communique on President Leonid Kuchma's Visit to the Republic of Belarus"]

[FBIS Translated Text] On 17 and 18 July 1995, Ukrainian President L. Kuchma paid an official visit to the Republic of Belarus at the invitation of President O. Lukashenka.

Talks were held on a wide range of issues of mutual interest. The tow heads of state briefed each other on the course of political and economic transformations in their countries and had an interested and profound exchange of opinions on questions of development of the Ukrainian-Belarusian relations and on interaction at an international level.

The present visit and negotiations became a logical continuation of the political dialogue that is under way between the presidents. It was particularly stressed that mutual trust and mutual understanding between the presidents, like the traditional historical, political, economic, and cultural ties between the two countries and nations, make it possible to raise the Ukrainian-Belarusian relations to a qualitatively new level.

Within this context, the sides emphasized the importance of the Agreement on Friendship, Good-Neighborly Relations, and Cooperation Between Ukraine and the Republic of Belarus that was signed during the visit. Confidence was expressed that implementation of this document will boost the effectiveness of the Ukrainian-Belarusian relations in all spheres.

An important contribution to strengthening the contractual and legal foundation for the bilateral cooperation was made by signing the Accord on Labor Activity and Social Protection of the Citizens of Ukraine and the Republic of Belarus Who Work Outside Their States, the Accord on the Terms and Procedure for Exchanging Residential Premises, the Accord on Air Traffic, and the Accord Between the Ministries of Health [of Ukraine and] the Republic of Belarus on Cooperation in the Sphere of Medicine and Health Protection for the Years 1995 and 1996.

The sides positively assessed the work on delimiting the border between the two states carried out by the delegations of Ukraine and the Republic of Belarus.

The presidents agreed that the Ukrainian-Belarusian relations are of special significance. They pointed out with satisfaction the increase in the volume of trade turnover between the two countries and confirmed mutual readiness to promote further development and intensification of the trade and economic cooperation.

The sides stressed the importance of putting into effect the Accord on Free Trade Between Ukraine and the Republic of Belarus and spoke in favor of the need to settle the problem of mutual debts, to implement measures for a simplification of customs procedures between Ukraine and the Republic of Belarus, and to expand direct ties between entrepreneurs of the two countries. The sides highlighted the need to develop, on an expert level, a series of projects, in particular, a project for the creation of trans-European systems and communications that would run across the territories of the two states. The need was stressed to complete preparations for signing the Agreement Between the Government of Ukraine and the Government of Belarus on Promoting Mutual Protection of Investments.

The meetings of the presidents of Ukraine and the Republic of Belarus with leaders of Belarusian industrial enterprises, in the course of which questions of intensifying cooperation in the industrial sphere was discussed, were of great practical importance.

The heads of state discussed the current trends in the development of the Commonwealth of Independent States, exchanged opinions on normalizing the situation in hot spots on the territory of the CIS, and expressed interest in resolving the existing problems by peaceful means as soon as possible.

The sides expressed readiness to hold talks on topical issues of Ukrainian-Belarusian relations and to cooperate more closely and to coordinate their actions within the frameworks of international organizations and forums.

The heads of state announced their intention to expand relations between the two states in the humanitarian sphere, in particular, in the sphere of the protection

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of human rights and the rights of ethnic minorities — Ukrainians in Belarus and Belarusians in Ukraine.

The sides highly assessed the results of the visit, which proceeded in the atmosphere of friendship, openness, and mutual understanding that is typical of the relations between our countries and nations.

Former Kravchuk Bodyguard Chief Arrested in Hungary

MM2407111295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 22 Jul 95 p 1

[Report by Olga Musafirova: "President's Personal Bodyguard Chief Arrested in Hungary"]

[FBIS Translated Text] It looks as though Leonid Kuchma's promises to give their just deserts to those who organized the plundering of independent Ukraine are beginning to be realized. In Budapest the Hungarian police have arrested Viktor Polivoda, the former chief of ex-President Leonid Kravchuk's bodyguard. The arrest was made on the basis of an interstate treaty at the Ukrainian side's request. Polivoda is charged with illegal currency operations and of embezzling state funds on particularly large scales.

But that is not the only way in which Mr. Polivoda interests the law enforcement organs. He once headed the "S" directorate (special operations) in the Ukrainian security service and had links in foreign financial and banking circles. As chief of Kravchuk's personal bodyguard Viktor Polivoda, informed sources claim, on instructions from his boss engaged in the opening of secret accounts in Western banks. Viktor Polivoda's expected handover to the Ukrainian courts could mark the start of a scandalous trial about corruption in the echelons of power in Ukraine.

National Affairs

Marchuk Arrives in Crimea Prior to Moscow Visit

LD2407172295 Moscow INTERFAX in English 1539 GMT 24 Jul 95

[FBIS Transcribed Text] Simferopol, July 24 (INTERFAX-UKRAINE) — Ukrainian Prime Minister Marchuk has arrived in Simferopol. Upon arrival he told newsmen that his visit was connected with the recent decisions of the Ukrainian government on Crimea as well as the forthcoming talks in Moscow on the Black Sea Fleet issue.

Touching upon his upcoming talks in Moscow the Premier said that they will cover "some issues pertaining to a compensation by Russia of spendings involved in the development of infrastructure, social facilities and ecology in connection with the functioning of the BSF." "Mutually acceptable forms of compensation" are most likely to be found, Marchuk said. He did not rule out that among such forms of compensation can be a recalculation of debts or writing off of a part of the debts for the gas supplies.

Yevhen Marchuk pointed out that the question of the bases for the Ukrainian Fleet would not be touched upon in the course of the talks. "This is solely a matter to be decided by Ukraine," he stressed. The main subjects of discussion, he stressed, will be the forms of compensation, the timing and the "fundamentals of basing" of the Russian Black sea Fleet, the procedure of the Russian side's participation in the resolution of questions involved in the human factor.

According to a report by an INTERFAX-UKRAINE correspondent, Premier Marchuk said that he was going to discuss in the course of the day with the Crimean leaders the problems of the autonomy and to find out the "resources which have not been put to use so far." The Ukrainian Cabinet has decided to send to Crimea Vice Premier in charge of security and emergency situations Vasyl Durdinets "for a final analysis of the causes which have resulted in the events in eastern Crimea" and in order to "view the whole package of these problems," the Prime Minister disclosed.

On June 23 and 25 this year Crimean Tatars ransacked and set on fire near Feodosiya and Sudak (eastern Crimea) a number of trade outlets, which, in their opinion, belonged to members of a mafia gang. This was followed by a clash with the police. All in all three Tatars were killed and dozens of persons were injured as a result of rioting.

In Yevhen Marchuk's view, these events demonstrate that the problems involved in the return of Crimean Tatars to the peninsula are "knotty" and include the problem of combatting crime, of the settlement of social and economic issues, cooperation with the local bodies of power and of "legal integration".

The Ukrainian Prime Minister voiced hope that the leaders of the Crimean Tatars "will also muster up moral strength in order to cooperate with the authorities of Crimea and Ukraine."

Yevhen Marchuk described the problem of the return to Crimea of deported peoples as "quite expensive". "Ukraine is unable to meet fully all the material requirements necessary for their (Tatars — IF-U note) settlement," he said.

In this connection the decision has been taken to search for "various formulas of drawing international public into the resolution of this issue," he noted. Thus, at the next CIS summit meeting Ukraine will come out with

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the proposal that she be assisted in the resolution of the socioeconomic problems involved into the programmes for the return of deportees. Ukraine, the Prime Minister said, will come out with proposals to the level of the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development to obtain a goal-oriented loan (institutional) for the development of the socioeconomic infrastructure required for the return of deportees.

Yevhen Marchuk is expected to fly on to Moscow in the evening of July 25.

Marchuk on Funding Crimean Resettlement

LD2407212995 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 24 Jul 95

[FBIS Translated Text] According to Ukraine's Prime Minister Yevhen Marchuk, Ukraine as yet cannot fully satisfy the financial and material requirements connected with the resettlement of the Crimean Tatars. Marchuk noted that the Ukrainian Government would like to search for various ways of involving the international community to resolve this problem. One of these steps would be for Ukraine to raise the issue of helping the Crimean Tatars at a regular meeting of the CIS leaders. We would like to request that at least Uzbekistan, Russia, and Kazakhstan find a way of participating in resolving this issue.

Touching on the talks with the Russian leadership, which will be held in Moscow on 26 July, Marchuk said that although the Crimean problem was not on the agenda the Ukrainian side would raise the issue of an agreement with Russia on ways of providing compensation to develop the infrastructure or the social problem and ecology concerning the functioning of the Black Sea Fleet.

Aim of 'Onslaught' on Defense Minister Detailed

WS2407144695 Kiev KIYEVSKIYE VEDOMOSTI in Russian 19 Jul 95 pp 1, 3

[Report by Gennadiy Nikolayev: "A Plot Against Valeriy Shmarov? Opponents of the Civilian Defense Minister Launch an Onslaught"]

[FBIS Translated Text] Despite the fact that Valeriy Shmarov has been appointed to the post of defense minister in the new government, attempts to raise a scandal around him continue. Certain people's deputies in the Ukrainian Supreme Council have repeatedly hinted at a "kompromat" [discrediting facts] against Valeriy Shmarov, which they allegedly have in their possession. However, those facts remained in the area of backstage debates. The press, too, used to treat the civilian defense minister very loyally.

An article by Viktor Yesikov, chairman of the Kiev branch of the Ukrainian Officers' Union [SOU], published in the CHAS weekly newspaper, became a signal to launch an onslaught. The lieutenant colonel [Yesikov] all but accused the minister of premeditated state treason. Somewhat later, an article by Lieutenant Colonel Volodymyr Shevchenko, people's deputy, was published in the central press. The article criticized the drafters of the agreement on establishing a joint CIS air defense system.

Taking advantage of the absence of the defense minister, who was on an official visit to the United States, a group of opposition generals and senior officers circulated an open letter to the Ukrainian president which carried murderous criticism of the leadership of the Defense Ministry and the General Staff. A couple of days later, leaflets were placed not only in the General Staff office, but even on poles and fences around the Defense Ministry building. Those leaflets put the entire blame for the catastrophic state of affairs in the Army on Valeriy Shmarov and called upon officers to come to a rally.

After his return from the United States, Valeriy Shmarov faced a well-organized campaign directed against him. The minister did not seem prepared to face it ,and thus, preferred not to attend the news conference, at which several people's deputies and political activists evidently intended to cross-examine him before numerous reporters.

Having escaped the skillfully prepared trap, the defense minister failed to mitigate the wave of tension in the Armed Forces. The situation was complicated by the fact that monthly monetary allowances were not paid in many military units. Concrete measures aimed at improving the social situation of servicemen could remove the tension. Therefore, Valeriy Shmarov persuaded the president to significantly increase monetary allowances of Army personnel.

As a result, officers ignored the rally. The rally was attended by the same deputies representing the Army, the SOU leadership, and special service officers. It might have been for this reason that a decision was made to make a clamorous scandal to compensate for the small scale of the undertaking. During the meeting, Lieutenant Colonel Petro Nedzelskyy, an employee of the Ukrainian Armed Forces Strategic Intelligence, used an evidently fabricated reason to "challenge to a duel" Lieutenant Colonel Volodymyr Lartsev, member of the presidium of the New Ukraine sociopolitical association. Only the reporters' intervention prevented the argument turning into a fist fight.

Who is behind those propaganda tricks and what is the aim of building up pressure within the Defense

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Ministry? The initiators of the campaign do not hurry to take off their masks. Moreover, they are very skillfully tangling threads. Initially, they claimed that officers were invited to rallies by the Committee of Homeless Servicemen. Later, they tried to make a scapegoat out of the "Motherland" — a newly established public association of the Ukrainian Armed Forces servicemen and veterans. Meanwhile, Association Chairman Vilen Martyrosyan has repeatedly voiced his full support for both the Ukrainian president and the defense minister.

Behind the entire "masquerade" one can feel the iron grip of grizzled political intriguers proficient in backstage games. The high quality of the leaflets also proves that they were not produced on the SOU's obsolete copier. The forces opposed to Valeriy Shmarov are dissatisfied with civilian control over the production and sale of armaments and over the state of things in the General Staff. One can clearly see an attempt to discredit the defense minister and thus deal a blow to the position of Leonid Kuchma and his team.

Whom do the oppositionists see as a candidate to replace Valeriy Shmarov? There are no open declarations, but it is not hard to guess. It was not a coincidence that the powerful attack against the defense minister occurred after the unexpected return of [former Defense Minister] Kostyantyn Morozov from a long voluntary emigration to the United States. Days after his return, Morozov launched an active campaign and presented democratic parties with a plan of radical reform, including in the Armed Forces, which he had brought from overseas. Neither was it a coincidence that Morozov arrived at Valeriy Shmarov's failed news conference. The former defense minister's participation in a recent session of the SOU looks significant. Mr. Morozov has already managed to restore ties with his former brothers-in-arms, who ardently oppose Valeriy Shmarov.

It seems that somebody is making very professional preparations for Kostyantyn Morozov's "second coming." Of course, Morozov has many positive traits. The romantic period of creating the Ukrainian Armed Forces is connected with his name. It was Mr. Morozov who virtually built the foundation for a civilized division [of the Soviet Army] into national armies, and who persuaded former Soviet soldiers and officers into swearing allegiance to the people of Ukraine, and thus practically eliminated the threat of an armed conflict.

However, what if those forces which have already demonstrated their political impotence want to turn Morozov into another pawn in their game? Their feverish attempts to regain support from their former electorate evoke fear. The point is that the socially insecure personnel of military units can be easily provoked to take extremist actions. Therefore, even the best plans of military and social reform are not worth the methods applied, given that the implementation of those plans begins with intrigues and provocations which threaten to transform into an uncontrolled conflict.

President Kuchma Tenure Viewed Positively

954F2802A Kiev KIYEVSKIYE VEDOMOSTI in Russian 11 Jul 95 p 3

[Article by Volodymyr Katsman, VEDOMOSTI correspondent: "Between the Scylla and Charybdis, Between Politics and Economics. Between West and East"]

[FBIS Translated Text] It was exactly a year ago that Leonid Kuchma won victory in the second round of the presidential marathon. The people of Ukraine democratically swapped one president for another. The new leader of the country came to power under difficult conditions and united around himself those who wanted to change something, who understood that it was no longer possible to live this way. We will be candid: It was precisely this desire that was able to unite both the most severe reformers and the left- wing orientation of the electorate of the south and east of Ukraine. What the president will do and how was more clearly established later, and fully, very likely, in Leonid Kuchma's October speech to parliament. It was then that the participants in the summer voting separated into opposite camps: The president added to the number of his supporters both the radically disposed marketers and many national democrats; the left-wingers went into opposition to the "bourgeois" president and announced an aspiration to eliminate the institution of the presidency in Ukraine altogether.

President Kuchma tried persistently to put the Law on the Authority into force. This was the main dispute of the year. As many analysts predicted, the attempts of the new president to operate according to the formula "first the economy, the rest later" and really to begin market transformations ran into the reinforced concrete of the parliamentary social-communists. It was impossible to create a market with the old system. It was necessary to take a step toward the desovietization of society—and oh so many were intimidated by even bigger threats to establish order and to look into the flight of capital abroad, and it aroused rabid resistance. Leonid Kuchma chose the path toward a division of powers, toward the European concept of democracy and civilization. The peak of this struggle were the days of the adoption of the decision on a plebiscite. But there was enough wisdom at that time to point to a peaceful path (not a tank path) for getting out of a critical collision by means of conciliation, albeit obviously temporarily. But

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it then is also able to open a direct road to a civilized constitution....

It is possible to argue about whether monetarist methods led to getting out of the crisis of the economy, or whether, on the contrary, they finally exhausted it. But, after all, it is impossible not to recognize that it is exactly on the initiative of the president's team that the flywheel of privatization is turning faster and faster (and more forcefully each day), and speed is the very first necessity. Inflation for the year was knocked down to an unprecedented indicator of 5-6 percent recently, and our financially suffering karbovanets stopped falling. It can equally be argued whether or not Leonid Kuchma repudiated the vicious principle of continuously ladling personnel out of the same "Kiev pot" that has already long since been overdone, and whether he is following the once proclaimed principle of "new people will come from the regions." But it is impossible, after all, not to admit that the announcements about the great economic independence of the regions and about point economic zones are receiving the support of Kiev.

It is probably impossible today to conduct radical market reforms in "pure form." But, after all, it is also impossible not to conduct them. To pass through the Scylla and Charybdis, to lead this country in such a way as not to slide into decisions of the Belarusian and Russian type, to escape from single meanings and simplicity, from bloody conflicts and an escalation of tension in society, to find a common language with our neighbors and with the world community.... This task took shape for President Leonid Kuchma in the year that went by so fast. It is a very complicated task.

It is accepted practice among missile troops to declare an "annual readiness" and to conduct a reverse countdown of time to launch. It is possible that an aspect of similarity between the position of president and that of a chief designer is that it is necessary to conduct a reverse countdown. Today Leonid Kuchma already has 365 fewer days to the moment when "praise and slander are acceptable...," when, possibly, it will be necessary to endure both criticism and attacks for unpopular measures, harsh steps, a firm will, cardinal acts, and decisiveness. For successes and failures, correct decisions and mistakes. In general, for reforms and for a desire to change life in this country.

President Kuchma's Government Changes Analyzed

954F2803A Kiev MOST in Russian 10-16 Jul 95 No 27, pp 1, 4-5

[Article by Yuriy Vishnevskyy: "Chief Physician of Kuchma's Clinic: After Therapy—Surgery"]

[FBIS Translated Text] "The Ukrainian economy is gravely sick"—this expression has been used so often over the past few years that some people might be tempted to attach the word "fatally" to it. "Of course, it is treatable," presidential candidate L. Kuchma assured voters, making the question of production recovery a election campaign issue. However, for a whole year after L. Kuchma was elected president of Ukraine on 10 July 1994, he was busy not so much treating the patient as fighting for the right to treat it using his own course of treatment—with all the attendant responsibility. Now the president has this right, and naturally, the first thing L. Kuchma began doing after the patient—and with it, the state clinic to treat it in—was placed at his full disposal was to change the personnel, from junior nurses to department chiefs.

The beginning of the new personnel policy did not start with the series of 39 edicts announced in the evening of 3 July. If one is to judge by these appointments, there is actually no new personnel policy: More than half of them constituted an ordinary reshuffling. In reality, however, the president began not from the top but from the foundation of the managerial pyramid.

Junior Personnel

The directors corps is undoubtedly the most important, albeit the last, gear in the mechanism of implementing decisions adopted at the very top. Only the Cabinet of Ministers staff can complete with it in terms of abundance of opportunities to kill any undertaking by means of quiet collective sabotage, and even then only in terms of "paper" rather than real "capital assets." However, while sabotage by the government apparat can be circumvented without replacing this apparat—simply by creating a second, duplicating apparat (since the staff roster of the presidential administrative apparat is the president's personal business), the only way to eliminate sabotage by directors is through an outright replacement of cadres.

Having been granted by the law on authority the right to carry out "administration of state-owned property" (Point 7, Article 24), L. Kuchma immediately brought up the issue of the personnel of the directors corps' in the most direct manner, before more than a small percentage of enterprises embark on an independent voyage. In presidential edict No. 459, signed on 19 June,

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the Cabinet of Ministers is instructed, for instance, "before 1 August 1995, to sign new contracts with heads of state-owned enterprises" (this involves contracts signed at the government level as a whole), and ministries and other central executive organizations—before 1 September 1995, to do the same regarding heads of enterprises subordinate to them. There is no doubt that replacing part of this junior personnel is consciously seen as a necessary precondition for the treatment's effectiveness: "Bringing fresh blood into the directors corps is another method of exerting a curative influence on the economy," L. Kuchma made clear in his speech at the ceremony in Uzhgorod on 28 June.

Actually, the apparat will not be forgotten either. In keeping with presidential edict No. 381, dated 19 May 1995, the Cabinet of Ministers is tasked with drafting within two months a draft program of personnel support for the civil service; the same edict created a personnel development council under the president of Ukraine, which will be cochaired by the president of Ukraine's chief of staff and the minister of the Ukrainian Cabinet of Ministers. Dmitriy Tabachnikov and Valeriy Pustovoytenko, who currently hold these positions, will decide not only to what extent the current executive branch apparat will be replaced by the administration's apparat, and to what extent by new people (from scientific, economic-managerial, and political circles), but also the correlation between the representatives of the two teams L. Kuchma has been and is drawing on for support—since, due to fortuitous circumstances, the president's chief of staff is a Kievan historian by origin, and the minister of the Cabinet of Ministers—a construction engineer from Dnepropetrovsk.

Chiefs of Services

Naturally, two persons can only keep in their field of view the most important positions in the different levels of the administrative apparat, and therefore a great many key positions will end up, or remain, within the direct patrimony of sectoral ministries and heads of local state administration. Regarding the latter, it would seem that there is no real way to influence their policy in selecting personnel, but we should not forget that they themselves can be influenced. From the president's speech in Uzhgorod we know that far from every chairman of an oblast or district council, elected by the people, is destined to become head of the corresponding administration. And although Article 46 of the law on authority says unequivocally that such an appointment is automatic, it only plays into L. Kuchma's hands: Article 58 of the same law gives the president the right to relieve heads of administrations "in the event they violate the Ukrainian Constitution and laws, the president of Ukraine's edicts and directives, or the Government of Ukraine's decrees and directives," and—of course—relieving heads of administrations from their duties "terminates their authority as....council chairmen"! Thus, in many regions voters had better start preparing for new elections of governors and district leaders: I am sure that impossible-to-implement decrees will not be long in coming.

As to industrial sector leaders, the first wave of personnel reshuffling shows quite graphically in which sectors precisely the "infusion of fresh blood into the directors' corps" will be the least and the most intensive. Among those who do not have to worry about their future are the subordinates of those who kept their jobs: Minister of Coal Industry Viktor Poltavets (at the time unanimously nominated for this position by "coal captains" from among their own), Minister of Forestry Valeriy Samoplavskyy (a professional forester, distinguished forester of Ukraine, and sportsman-hunter), Minister of Fisheries Nikolay Shvedenko (a professional fisherman and fish-breeder), and Minister of Education Mikhail Zgurovskyy (a corresponding member of NAN [National Academy of Sciences], and former vice dean and dean of the Kiev Polytechnic Institute).

Difficulties await those who got new bosses: Minister of Industry Valeriy Mazur (initially appointed deputy minister by L. Kuchma), replacing Anatoliy Golubshenko (appointed by L. Kravchuk in October 1992, and now carrying out full-time the functions of a people's deputy); Minister of Power Generation and Electrification Aleksey Sheberstov (initially appointed first deputy minister by L. Kuchma), replacing Vilen Semenyuk (appointed by L. Kravchuk in August 1993 and now sent into retirement); and in the previously vacant job of the minister of transportation—Ivan Dankevich (prior to that deputy minister of the Cabinet of Ministers).

But, of course, important as personnel policy is, in the matter of "economic recovery" it is not a goal in itself. The goal is, after all, the treatment.

Departments and Chiefs

When a disease has spread to the entire organism, the most absurd approach is to try to treat each organ separately, as if the remaining parts of the body were healthy. "The existing sectoral structure of managing the economy has practically outlived itself," said L. Kuchma in his program message to the Supreme Council on 11 October 1994. The idea of the need for comprehensive treatment of the whole economic organism all at once was later spelled out in the well-known edict on functional and sectoral ministries, which set as the primary task the adoption of decisions that would

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apply across the board to everyone, and the secondary task—ensuring the implementation of these decisions in subordinate sectors.

How close this plan is to being implemented one can judge by the changes in the institution of deputy prime ministers. In Vitaliy Masol's "later-phase" government there were nine deputy prime ministers, of whom three were first deputies. Now there will be six deputy prime ministers, and only on of them a first deputy.

The post of deputy prime minister for humanitarian policy will still be held by Ivan Kuras, corresponding member of the NAN, former deputy director of the Institute of Party History under the KPU [Communist Party of Ukraine] Central Committee and director of the NAN Institute of Ethnic Relations and Political Science, appointed to this post by L. Kuchma in August 1994.

The first deputy prime minister for the agro-industrial complex [APK] becomes a regular deputy prime minister; this post, albeit somewhat demoted in rank, is again in the hands of Petr Sabluk, former director of the Institute of Agrarian Economics, brought into the government by L. Kuchma to be in charge of the APK in October 1994.

The post of the first deputy prime minister (supervising national security and emergency situations) and chairman of the Coordinating Committee for Combating Corruption and Organized Crime under the President of Ukraine, previously held by the current prime minister, Yevhen Marchuk, also lost its "first" status; it will now be held by Vasiliy Durdynets, who worked for 13 years as UkrSSR [Ukrainian Soviet Socialist Republic] deputy and first deputy minister of internal affairs, and then as a member of the first parliament of Ukraine, where he became first deputy to I. Plyushch; after the election of the second parliament and the president, he was appointed by L. Kuchma as first deputy chairman of the aforementioned coordinating committee.

The post of deputy prime minister for the military-industrial complex [VPK] has been abolished; it was held since June 1993 by Valeriy Shmarov (who had only served one year in the military but had worked in the VPK system all his life; in August 1994 he was brought in by L. Kuchma to fill the post of minister of defense, and will stay in this job).

Also abolished is the post of deputy prime minister for the fuel and power generation complex [TPK] and the metallurgical and chemical industry, which in June 1994 was unexpectedly given by V. Masol to Anatoliy Dyuba, who prior to that headed the State Committee for Oversight of Occupational Safety.

Also gone is the post of deputy prime minister for construction, which V. Masol in the same June 1994 gave to Volydymyr Plitin, former and current (after his dismissal on 12 June 1995) president of the Ukrainian State Construction Corporation.

Instead of the aforementioned three deputy prime ministerial jobs, one is being created: Anatoliy Kinakh, chairman of the Nikolayev Oblast Council, has been appointed deputy prime minister for industry. This appointment probably most eloquently characterizes the administrative structure L. Kuchma is trying to build: A. Kinakh has never been top brass either in the VPK, or in the TPK, or in any other industry; a Ukrainian from Moldova, he graduated from the Leningrad Shipbuilding Institute, worked as a floor foreman at Tallinn and Leningrad plants, and then in Nikolayev at the Ocean plant, where he rose to become production department chief. In 1990 he was elected to the Supreme Council; in May 1992 he was appointed by L. Kuchma as head of the Nikolayev state administration and, unlike his many colleagues, was so good at governing the oblast that he successfully passed the trial by all-oblast elections. A. Kinakh, who only last year turned 40, is one of the most promising Ukrainian politicians. That is right—politicians, or, to be precise, political practitioners, but not economic managers. And while one could expect from, for instance, the aforementioned A. Dyuba anything but a purely sectoral approach, that is, an attempt to cure individual parts of the economic organism without looking at how this treatment will affect the organism as a whole, from A. Kinakh, on the contrary, one would be very surprised to hear demands of the kind "Let us subsidize the whole of industry!"

Finally, also abolished is the post of deputy prime minister for finance and banking activities, to which in September 1994 L. Kuchma appointed Igor Mityukov, a mathematician-economist, former deputy chairman of the board of the National Bank, as well as the recently created post of deputy prime minister for foreign trade, which went to Minister of Foreign Economic Relations Sergey Osyka, who still remains minister—but now of foreign economic relations and trade.

Instead, the post of deputy prime minister for economics was created, which went to Minister of Economics Roman Shpek, whose own job went to his deputy, Vasiliy Gureyev. A. Kinakh's peer, R. Shpek has not achieved great heights in economic management either; having graduated from the Lviv Institute of Forestry Engineers in 1989, he worked in the woodworking industry in his native Ivano-Frankivsk region until he was appointed UkrSSR deputy minister of forest industry. In 1991 he found himself in the job of minister of denationalization and privatization—a post

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of quite secondary importance because of the absence of the above but which nevertheless gave him the opportunity to try himself out in the role of functional manager; since November 1992—first deputy prime minister and minister of economics. While on the job, he graduated from the International Institute of Management in Kiev, went through an internship at the University of Delaware and the Champion International company (United States) and earned an MBA degree. Again, without leaving his job, he became a people's deputy of Ukraine from Ivano-Frankivsk, winning in his capacity as a political practitioner over a "pure" politician—the chairman of the Democratic Party's oblast organization, V. Grechanik.

As we can see, while in the old deputy prime minister constellation there was one "security man," three "sectorals," and three "functionals" (and of these, two actually could not fully qualify as "functionals," since finances and banking by themselves, as well as trade, are a bit too narrow in scope for a deputy prime minister), and on top of that in each of these three groups one deputy prime minister was first deputy prime minister, in the new one there are only three "sectorals" (and actually the key among them, due to the range of sectors supervised, is not so much a "sectoral" any more but rather a "functional," further proof of which is personal "specialization"), and none of them is a first deputy prime minister any longer; while at the same time, although there are only two "functionals" now, one of them is the only remaining deputy prime minister; and finally, although the "security man" is no longer a first deputy prime minister, he has a solid super-curator in the form of the prime minister.

It is hard to miss the fact that in the competition between the "sectorals" and the "functionals" the former lost, the latter kept their positions, and someone else won. This fact is remarkable in that the task is now defined as treatment, and truly comprehensive at that.

Medical Confidentiality

During the first days after the signing of the Constitutional Accord, the president and the prime minister tirelessly kept repeating that a government of like-minded people would finally be formed. "Like-minded people not in the sense of thinking uniformly, but like-minded in the technology of implementing the program—the program of government action to carry out the president's program" (Ye. Marchuk). It would seem that everything was simple: There is the president's program; those who agree with it are like-minded, and those who do not—goodbye. On 13 June the prime minister announced that the government would be formed within seven to 10 days; before that, state television, albeit quoting as a source the UNIAN agency, reported that there will be one first deputy prime minister, and only three regular deputy prime ministers. Later, the deadline was moved (D. Tabachnik mentioned the vague "before the end of June," and the presidential staff's press secretary Mikhail Doroshenko in a conversation with a UPRESSA correspondent—"no later than 27 June"). But even on 3 July, when the list of appointments was announced, there was no clarity as to who would fill many key posts.

"We have too small a pool of reserve players," complained L. Kuchma not too long ago during one of his trips to the regions. Is the problem only a banal lack of cadres? Even when the job in question is that of first deputy prime minister? "I was not trained to be president either, I had to learn on the job"—these were also L. Kuchma's words. In his speech in Uzhgorod, the president no longer spoke of a "course toward economic reforms" but a "course toward a profound correction in economic reforms." The correction was announced as early as April, and each month it turns out that it must become even more profound. "Over the past few months we had to deal with politics instead of economics, and engage in an exhausting battle to fix a real delineation of powers between the two branches," explained the president. Thus, first, it was impossible to truly implement the reforms for reason of the absence of a delineation of powers, and in particular, lack of the right to independently form the government; and after that, for the same reason, it was impossible to implement a correction of the reforms, which somehow mysteriously suddenly veered off too far in the wrong direction, is that it?

Contradictions in the logic of a doctor's confusing explanations far from always mean that the doctor does not know how to treat the patient or what needs to be treated. It is quite an ordinary situation—he knows both how and what, but he cannot bring himself to tell the truth. Except perhaps every time he says a little more than before, gradually preparing both the patient himself and his relatives and loved ones. "Any structural shifts are possible when accessible credit resources are present.... Taking all this into account, we need to make the necessary corrections to the previously defined main goal of monetary stabilization—achieve by the end of the year an inflation rate no higher than 1-2 percent a month.... In the current year we need to keep inflation at a level of 4-5 percent.... The most important goal for us is to maintain manageability of the inflation process, not to permit a falling into another round of inflation as it happened during all the previous years.... There is now a real threat that we will be unable to sustain the price stabilization and will at any

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moment fall into another cycle of production decline. We cannot permit this. Our economy, as well as the entire functioning sociopolitical system as a whole, will not survive this.... I repeat: To bring up the question of fundamental shifts in the economy without providing the necessary credit for it is economic nonsense." Any of these phrases of L. Kuchma, delivered in precisely this order within a time frame of no more than 10 minutes and forming a classic closed circle, will find quite a few supporters in Ukraine, but at the same time, supporters of one phrase will consider supporters of another phrase practically personal enemies. Meanwhile, this closed circle is only a reflection of the diminishing spiral along which the Ukrainian economy has been moving for several years now, and the orator's task is not to explain how to avoid falling into another round but to gradually bring the listener to realize that movement along the spiral is proceeding unhampered. If we take the volume of industrial production in December 1993 as 100 percent, then, according to the official data quoted by the president's staff, the average monthly volume of production in the first quarter of 1994 comprised 84.8 percent, in the second—93.7 percent, the third—104.1 percent, the fourth—121.6 percent, and in the first quarter of 1995—74.5 percent. "From the second quarter of 1994 to the end of the year we had a quarterly growth." "In the first quarter of 1995 as compared to the first quarter of 1994 the decline measured only 12.1 percent." The comforting statements, taken together, mean only one thing: The decline in the first quarter of 1995 as compared to the fourth quarter of 1994 comprised almost 40 percent. And while in March, instead of the expected 2-3 percent growth as compared to February, 10 percent growth was achieved, one can hardly doubt that "nature will prevail" in April-May. It is unlikely that anybody in the president's staff had any doubt about it. And therefore, when the president says that we may at any moment slip, and that not only the economy but the entire sociopolitical system as a whole will definitely not survive this—this is only a warning only half softened by substituting the modality: will slip, will not survive— the entire system, and the economy with it.

But the same closed-circle principles, in which everyone finds something particularly comforting for himself, are built into any—all—of L. Kuchma's more or less lengthy speeches, and of course, first and foremost, the famous October 1994 report "On the Road of Radical Economic Reforms" (those same radical reforms that are now in need of "profound corrections"). "This report is not an economic program," it was noted at the very beginning. "Its main task is to define strategic goals...." "I want V. Pynzenyk to truly be in charge of questions of drafting the strategy of the economic reform.... We are seeing results, after all.... Do we have a concrete program? To my great regret—no," L. Kuchma says now. There was no program in October, and there is none now, but Ye. Marchuk is selecting a team of like-minded people ready to implement it, while now we do not even have a strategy, which did exist nine months ago—or at least there was a document, which said that it contained a strategy. A circle again, and once again this is not the point— the point is what it surrounds: Everything exists, there is a strategy, and there are tactics, it is just that Viktor Mikhaylovich no longer wants to be the number one, he will feel too alone in this wind—he wants to be a deputy prime minister, or better still, simply a minister, so that later he can say: It was not me, it was the prime minister.

Since You Ended Up Here....

Deputies and leaders of political parties understand what is happening quite well. The left is denying that they had anything to do with forming the government and everything that goes on altogether, constantly reminding us of the unconstitutionality of the Constitutional Accord and preparing for the moment when they will be able to say that the government is unconstitutional too. "We stand firm on our old positions," says Volodymyr Yatsenko, one of the leaders of the communist faction in the parliament. "These people should have undergone Supreme Council confirmation."

In the opinion of Sergey Teleshun, head of the presidential staff's internal policy administration, there are many whose reaction to the new composition of the government will be uncertain. "There are some signs," says S. Teleshun, "that its personal composition was a result of the desire to reach a certain compromise. If the candidates were selected according to the attribute of loyalty to one particular concept, one could say that at least one interested party will be satisfied. Compromises, on the other hand, have a peculiar trait—in the end, everyone finds some fault with them."

The majority of the right are unhappy that V. Pynzenyk did not make it to the government, and are concerned over the fact that the minister of defense is still a civilian. "My opinion is that no revolutionary changes have taken place in the government," summarized the general opinion Les Tanyuk, one of the leaders of the People's Rukh and its parliamentary faction. "We can see a certain professionalization in the government; the important point is that the opposition—that is, the communists and socialists in their pure form—is not represented in it." The self and mutual identification of the right as supporting the government and the left as being in opposition to it—although neither had practically any part in forming it—would not have been

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possible in any circumstances other than the instance when the point in question is not whether there will be capitalism or socialism in Ukraine but whether there will be such a country as Ukraine.

"It is strategically important for us to effectively support production that will ensure Ukraine's integration into the world market as an industrially developed country, not a raw material appendix.... We will pinch pennies on everything but will by all means support these projects, because they ensure the future of the nation and the state.... At the same time, I emphasize once again: We will not support production for the sake of production, including nonviable enterprises that manufacture products for which there is no demand. Such enterprises need to be restructured or even closed. Unfortunately, there is no alternative to this. Therefore, this matter should be dealt with immediately. As they say, any delay in dealing with this problem is tantamount to death"—with these almost Lenin-like words L. Kuchma wrapped up his speech in Uzhgorod on the subject of structural restructuring of the economy. "An absolutely impermissible situation has emerged, whereby in level of per capita energy consumption Ukraine is ahead of Great Britain, Austria, Germany, and France, while in terms of per capita production is behind them by a factor of tens.... No economy, no state can exist with this level of energy consumption. This puts in doubt not only the success of economic reforms, but the fate of our country altogether. It should dictate the policy of state priorities, the necessity of supporting and strengthening the most effective sectors of the economy and production sectors, which, unfortunately, is not being done today by either the legislative or the executive authority," these are no longer L. Kuchma's words but those of Oleksandr Moroz, in his 16 May remarks. The parliament speaker's attempt to take over the initiative was doomed to failure: It was hard to believe that the leader of the socialists would succeed in accomplishing something whose success even L. Kuchma does not dare to fully believe in and V. Pynzenyk refuses to believe in, the latter maintaining that mass unemployment is much worse than the mass impoverishment which nevertheless preserves jobs. And while economists-theoreticians are convulsively searching the books for a suitable model of the most potent shock therapy—but still a therapy, political practitioners are selecting personnel, ensuring the uninterrupted functioning of all services, and sterilizing the instruments.

New Liberal Parliamentary Faction Formed

WS2507102895 Kiev INTELNEWS in English 2352 GMT 24 Jul 95

[FBIS Transcribed Text] Kiev, July 24 — The Ukrainian Liberal Party said on Monday [24 July] that it created a new liberal parliamentary faction, Social and Market Choice.

The party said that the goals of the faction are creation of a socially oriented market economy, providing the development of all forms of property, the transition from state property to private property and market reforms supporting Ukraine's producers.

In the social sphere, faction said it intends to defend human rights and liberties, to provide effective measures to raise standard of living, supporting the least protected strata of society, improving the crime situation.

The faction said that in the political sphere, it intends to build the Ukrainian state with laws corresponding to laws of European countries. The group also said it would promote the punctual division of political power branches and redivision of authorities, giving more powers to regions.

Police Chief Admits Toxic Gas Used Against Mourners

AU2407135095 Kiev HOLOS UKRAYINY in Ukrainian 21 Jul 95 pp 1, 2

[Unattributed report: "Subordinated to Law and Not to Political Ambitions"]

[FBIS Translated Text] Ukraine's Interior Minister Yuriy Kravchenko and General Mykola Piddubnyy, head of the Ministry of Internal Affairs Kiev Administration, held news conferences at which they expounded their views of the events at St. Sophia's Square [at the funeral of the Patriarch Volodymyr in Kiev on 18 July].

It became known that between 3,000 and 8,000 persons, of which about 300 were members of UNSO [Ukrainian National Self-Defense Organization], took part in the funeral procession. During the clashes near the St. Sophia Cathedral, there were about 800 officers of the law-enforcement agencies present. According to Yu. Kravchenko, 34 police officers were injured in the clashes, but there were no fatalities. Nine persons were detained, eight of them for five days.

The minister also pointed out that the Procurator General's Office is conducting an investigation and the Kiev Procurator's Office has initiated criminal proceedings. Thus, a legal assessment will be given for all the parties to the conflict.

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The head of the Kiev law-enforcement bodies told journalists that the police had acted within the framework of the law and had not started the hostilities. Mykola Piddubnyy pointed out that up to the last minute the law-enforcers had not been aware of the change of route of the funeral procession or the intention to bury the patriarch on the territory of the State Architectural and Historical St. Sophia Sanctuary. The general also said that he had not authorized the use of "Cheremukha" ["bird cherry"] gas, but that the "Berkut" [special-purpose unit] did not need any command. The law-enforcers fulfill their duties and know how to act in extreme situations.

In addition, Vasyl Kostyuk, head of the Starokyyivskyy Internal Affairs Administration, stressed that, unfortunately, certain people's deputies had played a destabilizing role by violating the law.

Economic Issues

FRY Embargo Cost Danube Shippers $300 Million

AU2407133095 Kiev HOLOS UKRAYINY in Ukrainian 20 Jul 95 p 12

[Report by Oleksiy Tyekhov, president of the Ukrainian Danube Shipping Company, from Izmail: "Danube Sailors Have To Overcome Crisis Phenomena in Embargo Conditions"]

[FBIS Translated Text] For the third year, the collective of the Ukrainian Danube Shipping Company [UDASCO] has been experiencing serious difficulty, mainly as a result of the negative impact of the economic sanctions against the Federal Republic of Yugoslavia [FRY].

The time-consuming process of obtaining licenses for shipping the cargo in the framework of bilateral trade between the CIS, Ukraine, and Danube Region countries, as well as the cargo transiting the FRY along the Danube to the Mediterranean and Red Sea ports, India, and Southeastern Asia has led consumers to opt for other transport routes — ports of the Adriatic, North, and Baltic seas and the Rhine-Main-Danube system. As a result, our company has lost more than 60 percent of Danube cargo shipment contracts. The embargo is responsible for the fact that the UDASCO losses already exceed $300 million.

Appeals by the company's management to the Committee for the UN Security Council Sanctions have, so far, been unsuccessful.

In the situation that has arisen hope rests with the traditional clientele, primarily Ukrainian. Business contacts between our joint companies and broker firms have been instrumental in having the main part of the flows of freight along the Danube serviced by the UDASCO fleet. However, this is not enough.

The attempt to establish ourselves on a new route — shipping South African ore from Constanta to Hungarian ports and, in the future, to Austria — was a success. The difficulties that arose with the shipment of the cargo from Ukraine have led consumers of crude ore — Hungary, Slovakia, and Austria — to conclude contracts for ore deliveries from South Africa. The UDASCO fleet's services have been enlisted to ship this cargo. The three trial runs on the Constanta-Dunajvaros line have proved to be effective. Notwithstanding this, UDASCO's financial situation is not improving. Despite the reduction in the total volume of work, costs are not getting any less. There is a hope that by selling a part of the fleet that is unprofitable and is not in conformity with international requirements in terms of characteristics, we will be able to improve the economic situation and repay in time the credits for building the vessels. The necessary permission for this has already been granted, and negotiations are currently under way with several firms for the sale of two carriers for lighters, lighters, and several sea-faring vessels. Twelve motor ships are already being transferred for time-charters.

Despite the fact that the fleet is working at up to 40-percent of its capacity, not a single specialist has been dismissed. It is precisely the experience, know-how, and the ability to work efficiently and professionally in the conditions imposed by the embargo, as well as a sense of responsibility for the company's fate that is shown by thousands of its employees that give hope that we will ultimately overcome the difficulties.

Economic Adviser Analyzes Successes, Failures

AU2107183995 Kiev HOLOS UKRAYINY in Ukrainian 18 Jul 95 p 4

[Commentary by Anatoliy Halchynskyy, Ukrainian presidential adviser for macroeconomic issues, "recorded by Serhiy Lavrenyuk": "Problems Do Exist; However, There Also Are Steps Toward Resolving Them"]

[FBIS Translated Text] The most significant thing is that, for the first time over the years of our independence, we have managed to fundamentally combine the processes of economic and political reform. Speaking of economic reform toward market relations, it must be pointed out that the necessary will was not always manifested, but the necessary preconditions were not always there. However, the situation has changed with the signing of the Constitutional Accord.

The president is now not only the head of state, but also the head of executive power. It is, therefore, clear that

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this situation also involves a certain danger — there are many forces that will take advantage of the president's minutest failure. However, one should not oversimplify the situation, since the Constitutional Accord has only created possibilities for compromise, and compromise itself needs to be reached on a daily basis. In other words, we must meet half-way and cooperate. Today, there already are many examples of such reciprocal movement, something that never happened before. For example, recently, the parliament approved the main trends of the budgetary policy for the year 1996. Nobody will deny that this is precisely the parliament's function. However, it is important to stress that the parliament had taken into account the president's idea to the effect that the state budget deficit has to be planned within the limits specified by the presidential program. This is very important since, for the first time, in early July, a planned figure for the budget deficit was specified, and this enables the government and the Ministry of Finance to work. That is why I believe that if such coordination of action continues to prevail, it will be possible to accomplish much more than could be done previously.

What has been done over the current year? First of all, I would mention that, in the process of market transformation of the economy, we have made an extremely serious step in the sphere of price liberalization, and this is the main problem in establishing the market. Here, we have advanced very far. Today, in Ukraine, wholesale and retail prices are mainly formed on a liberal basis, but even this is not the main thing. The main thing that we managed to do (from the point of view of macroeconomics), is that in price liberalization, we have approached world prices, and this mainly applies to energy sources. It goes without saying that I mean prices in industry. I stress this because it is the most difficult problem for us. Russia is yet to cover this road. For example, in Ukraine, a metric ton of oil costs between $99 and $106, whereas in Russia the prices range between $55 and $56; gas for our industry costs $80 [per cubic meter] and in Russia — $42. Or take the payment for communal services. Whereas a year ago, the population paid, on the average, $1 or $2 [per one cubic meter] of gas and the state had bought it for $80, today, the population pays $25.2, whereas in Russia the corresponding price [for the population] is $4.1. The same applies to coal. A metric ton of coal in Ukraine costs more than $30, and this is, in fact, a world price, whereas in Russia the price is $16. Thus, as one can see, something could be done on the road toward market transformation in the economy, even though it has not been painless. I cannot even think of any political forces that would deny this. Today, we also have a stable rate of currency exchange that largely reflects the true value of our monetary unit. This is also a weighty result. However, this work has not yet been completed, and today we speak of decentralizing the currency market. If you also add to this steps toward liberalizing external trade, it is possible to say that, over the current year, Ukraine has significantly approached the establishment of an open economy. Recently, the president spoke about this in Germany. Besides, privatization processes may also be categorized as specific achievements in the sphere of reforming the economy. Not to overestimate what has been achieved, I will say that, during the first six months, privatization proceeded slower than expected. However, it must be pointed out that, over this period of time, mechanisms have been adjusted and corresponding infrastructure created.

Speaking of privatization, I would also single out the presidential edict on reforming land relations. There has lately been much criticism around this question. Recently, the president held a conference in Cherkasy with heads of oblast councils of collective farms (as is known, these people had been particularly opposed to this edict at the first stage). The greatest revelation for us was the fact that, in their speeches, all participants in the conference (even those from Luhansk Oblast) supported the edict. This means that the attitude toward the process of land destatization has changed, primarily among heads of collective farms. I also want to point out that, today, other countries of the former USSR also show an interest in the mechanism that we have evolved. Let me note that this edict was not created by the dictation of Western experts, even though we are often accused of just this — it was drafted by Ukrainian specialists. This process needs to be intensified. That is why the edict on privatizing land of nonagricultural significance was the next step. In fact, this land was sold even before. It is, therefore, necessary to legalize this process.

Financial stabilization is yet another achievement. Even though there still are very many contradictions here, I believe that, from the point of view of macroeconomics, we must primarily speak of budget deficit. In my opinion, we have opted for the most rational scheme of cutting the deficit stage-by- stage. How was it in the past? We generally adopted a deficit-free budget for 1994, and everybody knows what came out of it: Last August, the deficit amounted to 31.2 percent. However, as a result of great effort, we did manage to reduce it to 9.6 percent. Proceeding from this, it was decided that, in 1995, the state budget deficit would constitute 8 percent, in 1966 — 6 percent, and in 1997 — 4 percent. It is our program. When 8 percent was set for the current year, remember how much controversy flared up around this

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figure. No matter how difficult it has been, we have so far been sticking to planned parameters.

Now that we are speaking of price stabilization, I will note this: Whereas in January inflation amounted to 21.2 percent (and still earlier — in November 1994 — it was 74 percent), today the process of slowing down inflation is in progress. In May, this figure was 7.4 percent and in June — 4.8 percent. Proceeding from the results of the first six months, we are planning to achieve 5 percent monthly inflation. The rise in inflation by 0.2 percent in June (in May inflation constituted 4.6 percent) is due to the 16 percent increase in the cost of communal services. We are, therefore, dealing with a predictable rise, and not as was the case in the past when the state did not have a mechanism for containing inflation within limits specified in advance. It must also be pointed out that, at present, the level of inflation in Ukraine is almost one-half that in Russia. Therefore, the National Bank's rate has been significantly reduced. Over the same period of time, some steps toward creating a market infrastructure could also be made. First of all, an agrarian exchange started functioning. Today, it has already yielded $100 million, and this means that, perhaps, for the first time, we managed to conduct the sowing campaign without resorting to yet another session of money printing. Besides, owing to this, the inflation pressure that traditionally accompanies the harvesting campaign can be appreciably relieved: Today, a part of the crops has already been sold. Second, a securities market has started functioning. In particular, the mechanism for distributing government securities has been triggered, something that has long been under discussion. Or take the wonderful equipment of the Ukrainian Stock Exchange. Unfortunately, it was not used properly. Nobody paid any attention to the fact that, over three years, the exchange had been quoting securities of two enterprises only.

Today, the situation has changed somewhat, after a presidential edict obligated the State Property Fund to transfer shares of some enterprises to it.

Well, everything so far said referred to our achievements. Speaking about problems, I would focus on the following: In the past, the president proclaimed a policy of promoting financial stabilization.

That was at a time when it was meaningless even to talk of economic reform unless this problem could be resolved. As is known, the first quarter of the current year showed that we had fulfilled the minimum program. However, even then it was clear that such a policy may only play a short-term positive role. Precisely for that reason, after a financial stabilization was achieved a course toward correcting economic reforms was announced. It was planned to maintain the financial stabilization at a macrolevel, but at the same time to give maximum attention to stabilizing finances at the lower level of the economy.

To do so, we must stimulate production and pursue a more efficient social policy, however, today, we must admit that a serious slump in production could be observed between April and June. This is despite the fact that during the corresponding period of time last year, industrial production was on an increase. There is, therefore, a threat that we may lose all those achievements that we gained in the first quarter of the year, and this, in turn, may lead to losing financial stabilization. It is becoming obvious that radical antiinflationary methods must be applied when it is a matter of large sums but relatively low inflation level — in such cases monetary methods alone will not improve the situation. Unfortunately we failed to realize this, and I therefore think that we will not be able, in the near future, to reduce inflation to 1 or 2 percent a month. Here, help us God not to drop to yet another inflation spiral. That is why we suggest that, by the end of the year, we must emerge at 4 or 5 percent inflation instead of 1 or 2 percent. To put it differently, we must live in real-life dimensions and be guided by a policy of common sense. However, some economists keep insisting that we should not deviate from what has been planned. Well, is there any sense in keeping one's uniform clean for several months and then throwing it into dung? While we are still on the subject of financial stabilization, I think that it is necessary to once again stress new approaches to servicing the budget deficit. After we analyze the sources for covering the 6 percent budget deficit for 1996, we will see that it is planned to cover just 1 or 2 percent with the help of the National Bank credits, and the rest falls on the stock market and foreign credits. As is known, today it is precisely the budget that swallows up to 90 percent of credit resources. Hope, therefore, arises that from now on, these credits will find their way directly to producers. In this connection, it is worth mentioning the industrial policy. In my opinion, it must be more active and must be pursued through developing purpose-oriented programs, those with a sound financial foundation. Such programs also existed before, but nobody went beyond declarations. Speaking of the quantity of programs, we must primarily proceed from the availability of financial resources. I want to emphasize in particular that in considering such programs serious attention should be given to the question of creating financial and industrial groups.

It is also essential now to sort out the situation with enterprises in state ownership. In other words, a corre-

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sponding analysis must be made to decide which enterprises are to be financed from the budget. We have a few unique technologies that may be lost forever. This should not be allowed to happen because it is precisely such enterprises that are, as it were, the pride of our state. Perhaps, for that reason, such enterprises should today be placed in the category of state-owned ones and extricated from the crisis by the efforts of the whole state. On this we now work.

Regarding other enterprises, it is, in my opinion, necessary to speed up their transformation into joint-stock companies. I believe that, prior to implementing a monetary reform, we need to force them to carry out such a transformation so that the funds of the state could be distinctly separated from the funds of the enterprises. The latter must be allowed to embark upon their independent journeys. At present, we know countless examples of enterprises that function quite well. For example, there is a plant in Uzhhorod manufacturing electric motors. In 1991, it produced 40,000 of them and now — more than one million. It exports its output to 66 countries all over the world. We must also trigger the mechanism of bankruptcy and finally start economic restructuring, because unfortunately there is still very little progress in this direction.

I cannot pass over in silence the question of social protection of the population, because in this case we must say that setting normal wages will not only lead to an improvement of the people's standard of living, but will also have a considerable effect upon the entire economic development. This is because there are no miracles in the economy: With meager wages, the products remain in storehouses, and this has an adverse effect upon production. That is why I have supported and continue to support all those steps that lead to an increase in the population's solvency. At the Dnieper Metallurgical Combine, for example, wages account for 1.9 percent of the products' prime cost, and at the Kryvyy Rih Metallurgical Combine the figure is 2.9 percent. As can be seen, wages today are not a factor in inflation. If we increase wages, this will also mean stable deductions to the budget and to the Pension Fund. It will boost production and contribute to social stability, and this list may be continued. Still some positive change in this sphere must also be cited. In particular, as follows from an analysis over five months of the current year, the rate of wage-increase overtook the rate of inflation. More specifically, real wages grew. Therefore, I do not think that we must simply blindly raise wages, as is often proposed, because, for example, in May wages grew by 12.7 percent and inflation constituted 4.6 percent. As long as our enterprises stand idle and their directors boast of keeping the collective intact, we will not resolve the problem of real wages. In my opinion, such an enterprise has no future. That is why we must think of how to tackle the problem of unemployment. At such enterprises, wages no longer boost production. I therefore propose that we introduce minimal wages paid by the hour. This will change the situation right away: If a high hourly minimum wage cannot be paid, redundant workers will be dismissed, since by keeping people jobless heads of enterprises bestow a doubtful benefit both upon themselves and the state.

In conclusion, I would like to highlight the following: In my opinion, today we do not give sufficient attention to forming an ideology, including an economically oriented one. Today, we are in particularly urgent need of an active ideology. By this, I want to say that the problem raised by Leonid Kuchma when still in the capacity of prime minister — "What type of society must we build?" — is still topical today.

Company Established To 'Diversify' Energy Sources

WS2507102095 Kiev UKRINFORM in English 0705 GMT 25 Jul 95

[From the "Business News Weekly" feature No. 29, 16-23 July 1995]

[FBIS Transcribed Text] Last week, necessary foundation documentation was submitted to the Cabinet of Ministers to approve the institution of UZNGB (Ukraine's Oil and Gas Construction abroad), a state-run joint stock company, which will be comprised of 24 state-owned enterprises under the State Committee for the Oil, Gas and Petroleum-Gas Industry. The institution of the joint stock company is regulated by a Presidential decree of April 20.

One of the underlying reasons for the delay in implementing the presidential decree was be stated as apprehension over the future company's likely monopolist status.

The Anti-Monopoly Committee has stated the company's share in domestic construction mounting projects involving gas and oil facilities to be at 21 percent of the total. As the industry's experts tend to believe, the company's finalization will attract foreign investors for the financing of a variety of projects including such major ones as those involving the Odessa Oil Transhipment Terminal, oil pipeline construction in Turkey and gas pipeline construction to link Turkmenistan to Europe.

The Odessa Oil Terminal

On July 20, the management in charge of the terminal's construction was subordinated to the UZNGB joint

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stock company, making the existence of UkrNefteTerm, a closed-type joint stock society registered by the Odessa municipality in March, virtually superfluous. As many Ukrainian oil gas expert maintains, UkrNefteTerm is an adherent of close cooperation with Russian oilmen, which cooperation may facilitate the future terminal's access to the Russian system of oil transit. One of the likely cooperation options has been stated as an offer from Russian oilmen to involve Ukraine in transhipment of Russian oil to be delivered by tankers from the port of Novorossiysk, where construction of a transshipment facility of over 80 million tonnes yearly is nearing completion. According to the company's spokespersons, its major goal is to diversify Ukraine's sources of oil and natural gas supplies through the creation of a mixed pipeline/tanker infrastructure securing the flow of oil into Ukraine from the Middle East and Persian Gulf nations via Turkey and Iran.

Asiatic Projects

The management of UZNGB claims that the company has had to turn down several credit offers from four western banks, which had expressed their willingness to finance the Turkish pipeline and Turkmenistan-Europe gas pipeline projects.

The company declined to divulge the banks' names, saying that they are widely known in the global business world. The main obstacle to the proposed financial agreement was the company's inability to secure the future credits with its property, in view of this property's legally unspecified status. Ukraine's rather loose treatment of its international commitments and agreements is believed to have led to the curtailing of the Jeihan-Jamsun oil pipe-line construction project in Turkey.

In July, the UZNGB received a warning from Turkey which threatened to abrogate the contract and to contract with other companies, including the Ukrainian company's Russian analog, if the project is further delayed by the Ukrainian contractor.

In addition to this, Turkey has recently proposed that the original route of the future pipeline be altered. Meanwhile, the Kiev-based Institute for Petroleum Transportation is reported to have drafted a third version of the future pipeline's route proposing a 550-km line linking Jeihan to Samsun via Keiseri (the originally planned length of the route was 720 km).

The project's overall costs would thus be cut by $390 million to $1,170 million. Under its agreement with the Turkish partner, the Ukrainian company is concurrently drafting a project for highway construction in Turkey.

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Belarus

Lukashenka on Suspending Withdrawal of Nuclear Weapons

LD2407184295 Moscow INTERFAX in English 1805 GMT 24 Jul 95

[FBIS Transcribed Text] MINSK, July 24 (INTERFAX-WEST) — Belarus is ready to make good on all commitments assumed under international agreements but only on the basis of mutual benefit, Belarusian President Alyaksandr Lukashenka said today at a meeting with representatives of the British and Italian foreign ministries who arrived in Minsk on the occasion of Belarus handing over new buildings for these countries' diplomatic missions.

Lukashenka commented on the reasons for suspending the implementation of the agreement on destroying conventional armaments and slowing down the withdrawal of nuclear strategic weapons from Belarus to Russia.

"The Belarusian leadership cannot do charity at the cost of the interests of the Belarussian people," he added.

With regards to suspending arms reduction, Lukashenka said Belarus had unquestioningly carried out the two initial stages of the agreement. He said foreign observers had not reported a single instance of Belarus hindering inspections for control over the agreement's implementation. He said that during these two stages Belarus had been paying for the disarmament itself, though Great Britain, Italy and foremost the United States had promised to finance this process.

Lukashenka said that Belarus, which had experienced the Chernobyl nuclear disaster, on its own, morally, could not carry the burden of the decade-long arms race between the West and the East.

Lukashenka said he could not make the Belarussian people bear the burden of problems concerning all.

He repeated that the country's financial problems were one of the serious reasons Belarus had slowed down the withdrawal of strategic nuclear weapons and their transfer to Russia.

Lukashenka said Belarus had signed an agreement on destroying nuclear weapons under which the country transfers the most valuable thing to Russia

Lukashenka said Russia was suppose to have compensated Belarus for the cost of the strategic weapons, while the country so far had not received "a single kopeck."

He said the cost of delivering strategic armaments to Russia was nearly equal to the Belarusian debt for Russian energy supplies, nearly $400 million.

Lukashenka Against Orthodox Church Split

LD2407172395 Moscow INTERFAX in English 1547 GMT 24 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] "One can't allow split and separatism to destroy the Orthodox Church," President Alyaksandr Lukashenka said on Saturday [22 July] greeting in his residence Patriarch Aleksey II of Moscow and All Russia, who arrived in Minsk for a five-day visit.

Speaking about relations between the Christian confessions in Belarus, Lukashenka reproached the Roman Catholics for "opting for a conduct close to politicking."

IF Note: Eighteen months ago, the Belarussian leaders expressed concern about the illegal activity of Roman Catholic missionaries who had arrived in Belarus by tourist visas or on private invitations. On several occasions Roman Catholic priests used the Polish state symbols and urged believers to give up Belarussian citizenship and adopt Polish citizenship.

"Competition for opening Catholic churches and praying houses resembles sports games. We feel insulted, because we did not raise any obstacles in implementing these plans. One may get the impression that a foundation of future conflicts is being laid," he said.

Addressing Patriarch Aleksey II Lukashenka expressed hope that his stay in Belarus "will help sober up those who would like the people of Belarus to lose their face and dignity."

"We have no right to swing the axe at the bough we are sitting on. If we unreasonably lose our Slavic roots, we shall encourage spiritual and ideological aggression," said the president.

He said the Orthodox Church "remains faithful to its principles and is not trying to fish in the troubled waters of inter-party disputes."

Lukashenka welcomed the Russian Orthodox Church's "active participation in public life and its efforts to settle ethnic conflicts and deal with the consequences of the Chernobyl accident."

He expressed hope that "the church will always share joys and sorrow with its people."

He also said that the Belarussian government was eager to help revive the ancient Slavic holy sites.

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IF Note: As many as 318 parishes and eight monasteries have been opened in Belarus over the past five years. There are 918 functioning parishes in Belarus.

Belarus also has the Minsk Theological Seminary and the Mink Theological School. A Belarussian theological academy is to be opened shortly. There are 136 Sunday schools in the republic.

Lukashenka's Visit to Native Village Reported

WS2407144395 Minsk NARODNAYA GAZETA in Russian 22 Jul 95 p 1

[Article by Mikalay Tolstsik: "Countrymen Assess the President's Plan"]

[FBIS Translated Text] Journalists noticed a long time ago that every visit by President Alyaksandr Lukashenka to Shklowski rayon represents not only a tribute to nostalgia for native places, but also a review of new ideas and upcoming decisions.

So, what is the country awaiting after Alyaksandr Lukashenka's trip to his native land, which he visited on 20-21 July? From his meetings with managers and residents of the villages of Alyaksandriya, Slaveni, and Horodets, as well as from his responses to journalists' questions, it became clear that a financial basis for the upcoming harvesting is being created. The president promised to pay farms for grain within a week, even if a substantial emission of money will be required. The business world will certainly be interested in his intention to reduce the National Bank's discount rate to 5 percent in the immediate future, since the inflation rate has amounted to 2 percent in July. A rigid edict on strengthening discipline and order is being drafted.

"If there is no discipline and order in the country," Alyaksandr Lukashenka emphasized, "we indeed may live to see a dictatorship as a way out of the crisis."

The issue of pensions was continued. Company and organization managers will soon have the right to independently decide whom to continue to employ and whom not to, after the age of 60.

Managers learned that Russia is ready to purchase Belarusian potatoes and meat, moreover, at a very decent price. A separate discussion was devoted to meat. The president visited the cattle-breeding Frunze and Kirov farms. A substantial conversation as to how one can make Belarusian beef and pork competitive on the market was held with the participation of Agriculture Minister Vasil Lyavonaw.

Naturally, Alyaksandr Lukashenka also met with his mother and friends from childhood in the village of Alyaksandriya, as well as with farmers from the Horodets collective farm, where he worked as director until joining national politics.

Poll: 36 Percent Deem Lukashenka's Job 'Good'

WS2407144795 Minsk BTK Television Network in Belarusian 1700 GMT 21 Jul 95

[Announcer-read report]

[FBIS Translated Text] In a poll conducted in Belarus, 36 percent of the citizens have assessed the activity of the Belarusian president as good. This sociological poll was conducted in early July by the Independent Institute of Socioeconomic and Political Studies in cooperation with the U.S.International Center of Private Entrepreneurship. Sociologists from the institute also reported to INTERFAX that respondents had been requested to estimate the performance of the head of the Belarusian state, the government, and local power bodies on a five-point scale. The highest average rate was scored by the president — 3.3 points. The Cabinet of Ministers was rated with 2.38 points, while local power bodies received only 2.1 points.

Chinese Specialists To Be Trained at Military Academy

WS2407145095 Minsk SEM DNEY in Russian 22 Jul 95 p 1

[Report by Henadz Khudinski from the press service of the Belarusian Defense Ministry: "From China To Belarus — Looking for Education"]

[FBIS Translated Text] The Belarusian Military Academy will start classes beginning 1 September. In accordance with a presidential edict, it will train not only lieutenants, but also officers with a higher military education. Training in 38 leading specialities is currently being prepared. The Belarusian Armed Forces will receive highly qualified tank and vehicle crew members, engineering and antiaircraft troop officers, automated control system specialists, liaison officers, pilots, and aviation engineers. A special department will continue to train personnel for Interior and Border Troops. Within two years, virtually all types of armed forces will have enough personnel.

Around 80 officers will study at the Academy this year. It is expected that servicemen from both the near and far abroad will study in our country. The first contract on training specialists has already been signed with China.

The establishment of our own military academy opens broad prospects not only for training personnel, but also for developing military science. All the required conditions to do this exist — a modern educational-material basis and good scientific potential.

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Army Official Discusses Contract Service

WS2407122195 Minsk ZVYAZDA in Belarusian 18 Jul 95 p 2

[Interview with Colonel Yawhen Byaldzyayew, chief of the Recruiting Section of the Belarusian Armed Forces General Staff Organizational and Administrative Department, by Syarhey Verashchak, from the Defense Ministry Press Service; place and date not given: "We Need Fair-Haired Soldiers With Blue Eyes..." — first paragraph is ZVYAZDA introduction]

[FBIS Translated Text] In the spring of 1994 the Belarusian Armed Forces began the recruitment of contract servicemen. How many contractors are there in the Army and what part do they play in maintaining combat readiness of subdivisions? Have we thus opened a way to professionalize the Army? An employee of the Defense Ministry Press Service discussed these issues with Colonel Yawhen Byaldzyayew, chief of the Recruiting Section of the Belarusian Armed Forces General Staff Organizational and Administrative Department.

[Verashchak] The Belarusian Army has existed for over three years. However, it was not created from scratch, but transformed from the Belarusian Military District. The reforms are still continuing. Contract service attracts a lot of attention from reformers. How can you explain this?

[Byaldzyayew] First and foremost, this is being done to prepare preconditions for creating a professional army. The point is that we believe that contract service is quite promising. However, this does not imply that the Armed Forces will wholly consist of contract servicemen. We also have to prepare a certain number of trained military reserve forces. I think that 30 percent of servicemen serving their military service will be efficient for creating reserve forces which could be mobilized for protecting the state in case of a threat. Therefore, 60-70 percent of contract servicemen of the Army's total numeric strength is the figure which we are striving to reach.

[Verashchak] Is it profitable for the state to have contract servicemen? No matter whether you want it or not, every month you have to spend money from the state budget and pay the salaries....

[Byaldzyayew] Taking into account that the republic is in a very complicated economic situation, now is the time to talk about it. Many people maintain that the transfer to contract service is too expansive for the state. However, calculations show that, on the contrary, it is less expensive to have a contract serviceman than a regular soldier. It is perhaps difficult to understand for an unexperienced person, but this is true. It is not only a matter of salary. We have to take into account all the state's expenditures on maintaining a regular soldier. These include: maintenance of military settlements, bath houses, meals three times a day, use of ammunition, and training (particularly expensive in training units, including their maintenance). If we take these calculations into account, then the maintenance of a contract serviceman is 30-percent less expensive. These calculations show that the state is robbing itself. Does the West not count the money? Why then, have they transformed their armies into professional or half-professional armies? Nobody in the world is throwing their money away.

[Verashchak] How much does a contract serviceman earn?

[Byaldzyayew] From 700,000 to 800,000 rubles, including compensation for food. You have to agree that in many companies employees earn much less, not mentioning those from the agrarian sector. Plus, a contract serviceman earns free ammunition, free transportation on Belarusian territory during vacations, health care, and in the future, there is a possibility to receive an apartment.

[Verashchak] However, it is not enough money to convince a young man to stay in the Army. For instance, in the United States a whole set of measures has been implemented for this purpose. Among them, the most important one is the possibility of education at the expense of the Ministry of Defense. I presume that there is no competition for becoming a contract serviceman?

[Byaldzyayew] You are wrong; very often eight to 10 people compete for one place at some military registration and enlistment offices. Obviously, we cannot say that we are besieged by volunteers, however there are already 8,900 contract servicemen in the Armed Forces. There were around 5,000 reenlisted men by the end of 1994. With a majority of them we have signed contracts.

[Verashchak] Is contract service available only for males?

[Byaldzyayew] Not necessarily. Over 3,000 women serve currently in our units. There is no discrimination in this area. However, they face the same requirements as men. They also undergo physical drills and pass tests. However, there are currently 1,500 less women in the Army than in June 1994. This is mainly because they were asked to perform professional duties. It is not a secret that many of them — although they were employed as sanitary instructors — worked as secretaries in the headquarters.

[Verashchak] However, if you want to attract young people to contract service you have to advertise it.

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Why do we not see or hear these advertisements in newspapers, on television, or the radio?

[Byaldzyayew] You have just asked a very important question. Such advertising is necessary. In many countries such advertising not only exists, but also is free for the Defense Ministry. And this is correct, because protection of the homeland is a matter of state importance and the duty of all, including editorial staffs. Unfortunately, we do not have such a law in Belarus. As a matter of fact we have tried to advertise contract service. Citizens should know the mechanism of enrollment, the conditions in which soldiers serve, or where and what kind of vacancies there are. However, we were asked to pay huge amounts of money. We were treated on equal terms with entrepreneurs, who undoubtedly have the necessary capital. Meanwhile, the funds allocated for military purposes are just enough for maintaining the Army's combat readiness and paying servicemen's salaries. The point is that not only the Army, but the whole country, would benefit from such advertising since the entire state's future is at stake.

[Verashchak] Take this opportunity then.

[Byaldzyayew] Thank you. At least I will tell about one possibility. There is the Guard of Honor in our Armed Forces. Fair-haired servicemen with blue eyes are being enlisted there. Obviously, very well trained, well-built, and elegant. The Guard of Honor is expected to meet very important visitors from other countries, to conduct various celebrations at the national level. This is the face of the Armed Forces, a visiting card of the country and it is a very high distinction to be chosen to serve in it. We are planning to fully man it with contract servicemen. Therefore, we are inviting those citizens who at one time served their military service in a Kremlin regiment or in the guards of honor of other military districts. There are many of them in our Republic. I am not sure if you know this or not, but the Kremlin regiment mostly comprised Belarusian servicemen. Everyone willing should make inquiries at the Minsk military headquarters.

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Kazakhstan

Changes to Draft Constitution Proposed

954F2825A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 15 Jul 95 p 2

[Article by Aimkhan Beysenova, candidate of legal sciences: "The New Constitution Should Be Better Than the Previous One"]

[FBIS Translated Text] The section "Fundamentals of the Constitutional System" in the current Constitution enshrined the fact that state power in the Republic of Kazakhstan is based on the principle of its separation into legislative, executive, and judicial, and the latter are, in turn, within the framework of their authority, independent and interact among themselves with the use of a system of checks and balances. In the draft this proposition, essential for a state based on the rule of law, has been supplemented by the specification that state power in the Kazakh Republic is indivisible. At first glance, this specification ensues, as it were, from the proposition that the sole source of power in the state is the people. But state power and the power of the people are two different things.

So are the three branches of state power per the draft new Constitution independent of one another?

Let us begin with the fact that in the current Constitution Section Three, which is devoted to the state and its authorities and institutions, began with the chapter "The Supreme Council." It was defined as being the sole legislative and supreme representative body, and this was followed by chapters on the status and jurisdiction of the president and the Cabinet of Ministers. In the draft, this hierarchy of power is revised. Section Three, with which, meaningfully, the provisions enshrining the status and jurisdiction of each branch of power begin, is devoted to the president. The drafters proceeded, evidently, from the fact that the president is the head of state, its highest officer, and symbol and guarantor, as Article 40 of the draft Constitution says, of the unity of people and state. **But the president's task in a republic with a presidential form of rule is seen to be not subordination of himself to the three branches of power, but to ensuring the independence of each of them.** It is this, in my opinion, that the authors were attempting to reflect in clause three of Article 40 of the draft, employing the awkward word "arbitration." If this was the intention, the said clause should have been set forth in a different version: **"The president of the Kazakh Republic shall ensure the independent and concerted operation of all branches of state power and guarantee the responsibility of the organs of power before the people."**

In a state based on the rule of law, no one should be an arbiter, other than the court, even the president. To be more precise, the solution of questions of the power vertical and the responsibility of the organs of power should be entrusted to the Constitutional Court. It should be noted in this connection that the president also is equal before the law to an identical extent as the legislature and the executive. For this reason, **responsibility for the constitutionality and legality of the acts issued by the president is borne by the president himself.** Despite the fact that they will henceforward be authenticated by the signatures of the prime minister, the chairmen of the chambers, and other senior officials.

In addition, it should be noted that acts of the president have their place in the hierarchy of legal documents. They are edicts, decrees, and directives issued on the basis and in execution of the Constitution and laws of the Kazakh Republic. They are undoubtedly binding, but do not have the force of laws, which may be adopted solely by the legislative body—parliament. **For this reason, the delegation to the president of legislative powers is a violation of the principle of the separation of powers.** The enshrinement of this provision in the Constitution is a step backward and presupposes in advance, as it were, and even programs a situation of a crisis of powers.

The strengthening of presidential power has been reflected also in the procedure of parliament's override of a presidential veto. It is charged with deciding questions connected with the president's objections not by means of additional discussion or the presentation of new versions of a draft law, but by way of the adoption of the law in the version proposed by the president. **If, in addition, this procedure is "facilitated" by the establishment of a time frame for the consideration of an objection, this provision of the draft will not only be undemocratic, but will appear to be direct pressure on the legislature.** One senses that the authors have a simplistic understanding of the use of the mechanism of checks and balances designed to ensure observance of the principle of the separation of powers and their interaction among themselves.

A democratic institution—the announcement of impeachment of the president—is undoubtedly a new feature in the draft Constitution. But the legal mechanism of the early release of the president from office is quite complicated. This matter is written out in such detail that the thought of the unsuccessful nature of this procedure arises, although in other countries, more developed in a democratic sense, this is nothing more than a customary rule of law. **We are made leery by the part of the provision (if this is what we may call an**

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18-line exposition) which specifies an early end to the term of members of the Majlis who sponsored consideration of this question (if the charges against the president are for some reason rejected, and if the deputies fail to meet the two-month deadline for the adoption of a decision). I shall not speak here about the fact that it should in this case be a question primarily of state interests and that the legislature needs to be respected, otherwise there will be no respect for the laws which it adopts. We are talking about something else. **The investigation of a charge of treason against the president cannot be entrusted to the deputies; there are, if this is what it has come to, special authorities for this. Even less can the Supreme Court present its findings if it is not a question of a judgment of a court. This is more the function of the Constitutional Court.**

Now about the place and role of a bicameral parliament in the exercise of indivisible state power in the Kazakh Republic.

As distinct from the Supreme Council per the Constitution in effect currently, parliament is not, as already mentioned, the sole legislative body, inasmuch as it will be forced to delegate its legislative authority to the president, in which instances it is not, it is true, clear but, for a fact, on the initiative of the president. Henceforward parliament may not on its own initiative make amendments and revisions to the Constitution, and not only because the Constitution will be adopted at a referendum, which would seem more logical, but for the reason that only the president has the right to display an initiative pertaining to a revision or addendum to the Constitution.

So can parliament be the supreme legislative body of the Kazakh Republic, if its status and jurisdiction are considerably truncated and relatively vague? I fear not, and this secondary role is assigned parliament, possibly, by virtue of the choice of presidential form of rule.

Parliament, according to the draft Constitution, will no longer be elected at direct elections, the part that will be called the Senate, in any event.

Whereas the Supreme Council adopted and interpreted the Constitution and made revisions and addenda to it, which was within its exclusive jurisdiction, the new parliament will not have this authority. Parliament now will merely give its consent to the appointment of the procurator general and the chairman of the National Bank and present an initiative on the scheduling of a referendum, but the decision to hold it will be made by the president. Parliament has no authority in respect to supervision of the laws that are promulgated, which means, possibly, that it will not now be possible to raise at a sitting a question concerning, say, the Cabinet of Ministers' execution of the law on the republic budget for 1995. Specially since, **in accordance with clause three of Article 53 of the draft, parliament shall approve the republic budget and the account of the government and the Accounts Commission on its execution and shall make revisions to the budget and, in accordance with clause two of Article 54, shall only discuss it, receive accounts of its execution, and so forth. But hearing an account of the execution of the budget and supervision of execution of the law on the budget are different things.**

As a matter of fact, why are the powers of each chamber written out in such detail, if constitutional statutes regulating the activity of parliament and also standing orders are adopted? After all, the Constitution, as the Basic Law, primarily regulates fundamental legal relationships.

Noting the provisions enshrining the exclusive jurisdiction of parliament, we would note that it is not parliament itself that determines the priority of the consideration of draft laws, this right is once again transferred to the president, which would seem utterly controversial.

The wording of clause three of Article 61 of the draft is astonishing: "Parliament shall be entitled to promulgate laws that regulate most important social relationships, establish fundamental principles and rules...," and so forth. First, why "shall be entitled," second, **why is the main form of parliament's activity the promulgation of laws? "Adoption of laws" would be more correct.** Why is this enshrined in Article 61 of the draft, not in Article 49 or 53, say?

In terms of exposition, inconsistent and long-winded, Section Four is the weakest.

I shall dwell briefly on the section "The Government." How are we to understand the provision contained in clause two of Article 64, according to which the government is responsible in all its activity before the president and accountable to parliament in the instances specified by clause seven of Article 53 and clause six of Article 57? In accordance with these, parliament shall consent to the appointment of the chairman of the National Bank and shall also be entitled on the initiative of not less than one-third of the total number of deputies to receive the accounts of a member of the government on questions of his activity and to adopt appeals to the president on the release from office of a member of the government in the event of his failure to comply with the laws of the Kazakh Republic. Such a symbolic form of parliament's supervision of the execution of the laws by the government and its members is occasioned, of

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course, by the fact that the executive, in the intention of the drafters, should be independent. According to the draft, the government itself is now head of the executive, shall exercise leadership of its activity, and shall be fully subordinate to the president, not parliament. **The question arises as to whether this does not contain the danger of an even greater confrontation between the legislature and the executive, if only because the bulk of the draft laws will be submitted to parliament by the government, and the latter will be responsible for their execution.** This section also contains many provisions that give rise to doubts as to their legal expediency. Concerning, for example, the collegial responsibility of members of the government for its decisions. But most objections are evoked by clause three of Article 68, endowing members of the government with immunity for their term in office to the same extent as the members of parliament.

Now concerning justice. According to the current Constitution, the Supreme and Constitutional courts were the highest courts. In addition, it was emphasized specially that justices are independent and subordinate only to the Constitution and the laws of the Republic of Kazakhstan. The draft speaks of the independence of justices and the courts only in context. It is essential to dwell in more detail on the status and role of the Constitutional Court per the draft. Although all courts must ensure compliance with the Constitution and other laws and protection of the rights, liberties, and legitimate interests of the citizens. The current Constitution contained the special section "Guarantees of Observance of the Constitution," which formerly earned for it the fame of being democratic and progressive to a considerable extent compared with previous ones. A whole number of articles of the said section was devoted to the status and competence of the Constitutional Court, the way in which it differed from other courts, the consequences of rulings of the Constitutional Court, and so forth. I am absolutely convinced that the creation of the Constitutional Court, which is designed to exercise judicial protection of the Constitution and the rights and liberties of the citizens enshrined in it, and also the practice of its activity, were of great significance both for a strengthening of constitutional legality and for a stimulation of the legal consciousness of the population, which testifies to the particular place of the Constitutional Court in the judicial system. The constitution of any country is in need of special judicial protection, ours included, since we write that the Constitution has supreme legal force and direct operation, and its provisions are laws in force.

The Constitutional Court remains in the system of the judiciary, but it has been decided, it would seem, not to emphasize its particular status, which is absolutely wrong. And it is not only a question of a principal purpose of the Constitutional Court being its participation in the harmonization of democratic legal order. The particular status of the Constitutional Court under the conditions of the current legal nihilism of the population and the weakness of general courts is a factor contributing to realization of the separation of powers.

Together with judicial protection of the constitution and the rights and liberties of the citizens, the constitutional courts of other democratic states resolve disputes concerning separation of the jurisdiction of organs of state power of both the highest and the local components and produce findings on questions of the early dissolution of parliament, on the dismissal of the president, and on the constitutionality of elections. In addition, they produce on their own initiative findings concerning the conformity of laws not only to the constitution of the country, but also to rules of international law, particularly if it is a question of citizens' rights and liberties. It would be useful for us also to adopt the latter, considering that international treaties contain, as a rule, the commitments of their parties to bring their national legislation into line with the standards of human rights and liberties in international law.

Many provisions of the draft that arouse misgivings remain outside of the framework of the article, but it is perfectly obvious that the draft is in need of serious revision—not only from the standpoint of logic and legislative technique, but also of precise observance of the fundamental principles proclaimed in the draft.

Results of Survey on Draft Constitution

954F2850A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 19 Jul 95 p 1

[Unattributed report: "A Policy of Neutrality Is to the Liking of Most of Us"]

[FBIS Translated Text] So the draft constitution proposes a new name for our country—the Kazakh Republic. Judging by a poll, 52 percent of the respondents attach no particular significance to this fact, agreeing with the proposed wording.

Twenty percent responded that it was a matter of indifference to them what the state is called—specially since clause four of Article 2 speaks of the equivalence of the names Kazakh Republic and Kazakhstan. Twenty-eight percent of those polled, meanwhile, prefer the old name—Republic of Kazakhstan—which, in their opinion, is a more precise reflection of the situation.

There were practically no two opinions on the question "Do you agree with clause four of Article 5, which

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prohibits the funding of political parties and trade unions in international organizations?". Ninety-three percent of the respondents said "yes," 2 percent were uncertain, and 5 percent believe that, as distinct from political parties, the unions should have an opportunity to avail themselves of international assistance.

On the question of the status of Russian, on the other hand, opinions were divided. Fifty-three percent of those polled like perfectly well the place assigned Russian in the draft. Others (47 percent), on the contrary, do not. They believe that Russian, by virtue of historically evolved circumstances, is entitled to lay claim to state status on a par with Kazakh.

Yet the sphere of its operation is narrowed considerably for, as distinct from the current constitution, in which it is the language of interethnic communication, the draft identifies it as official—governmental, formal, bureaucratic. Our respondents cite as an argument Switzerland, where four languages are state languages.

The following question was asked also: "Does the aspiration to a policy of neutrality enshrined in the draft meet with your understanding?"

Judging by the responses, neutrality policy is to the liking of the majority of us. Ninety-two percent were unhesitatingly "in favor." Two percent were undecided, and 6 percent responded in the negative. And then merely because they consider it unrealistic.

Border Guard Agreement Signed With Russia

954F2851A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 19 Jul 95 p 1

[Report by Natalya Verzhbitskaya: "Different States, Common Border"]

[FBIS Translated Text] A news conference has been held in the Kazakhstan Republic Committee for Border Protection devoted to the signing of a treaty between Kazakhstan and Russia on joint protection of the external borders.

Major General B. Zakiyev, chairman of the Kazakhstan Republic Committee for Border Protection, observed that there also had been cooperation between the two countries before. The signing of this treaty is dictated by present-day requirements. Under conditions where the internal borders remain open, common efforts of states of the Commonwealth to maintain stability on the external borders and the intensified rebuff of intruders and the transportation of narcotics and weapons are essential. The treaty specifies cooperation in the sphere of material and technical supplies for the common borders, the creation of a unified information space, the harmonization of prescriptive and legislative instruments affecting the system of protection of the border, and mutual assistance in personnel training.

A coordinating council, which will be headed by the commander of border forces of the Republic of Kazakhstan and the commander in chief of border forces of the Russian Federation, and also working groups with 150 officers from each side also will operate.

The major general assured journalists that the republic Border Guard Directorate was ensuring the high technical level of protection of the borders. There is today dependable liaison between Almaty and all the border posts. The border guards are performing their service meticulously. Personnel are supplied with uniforms and meals, and there is no delay in the disbursement of pay. Problems arise only when it comes to the capital construction of housing. The majority of employees live in hotels.

B. Zakiyev made no secret of the fact that there have been instances of crimes committed by the border guards. Eighty-two percent of the offenders are absent from their units without leave. Theft of material assets have been noted also.

Arbitration Ruling in Karmet Deal Queried

954F2823A Almaty PANORAMA in Russian 15 Jul 95 No 28, p 8

[Article by Nikolay Drozd: "The Supreme Court of Arbitration Has, All the Same, Upheld the Legality of the Actions of the Government, Which Has Transferred the Karaganda Foundry to United Steel Management"]

[FBIS Translated Text] On 11 July, the legality of the transfer of the management of the Karaganda Foundry to United Steel was upheld by a decision of the Supreme Court of Arbitration. Despite the protests of the lawyers for Voest-Alpine, the Government of the Republic of Kazakhstan also was together with the State Property Committee the defendant in the Voest-Alpine-Kazakhstan joint venture suit. The court considered the mentions of the government in the text of the agreement signed by the joint venture and the State Property Committee sufficient for it to be deemed an equal partner in the process.

The government lawyers built their defense chiefly on two grounds, the first of which appears thus: The signed contract had no legal force prior to the government's adoption of a special decree in connection with the Karaganda Foundry. The text of the agreement does, indeed, contain a mention of an unnamed, undated, and unnumbered government decree, but neither the substance of the as yet unadopted decree nor, even less,

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its fatefulness for the entire agreement are deciphered in any way. The adoption of the unnamed decree appears in the signed document more a formality than a decisive stage.

As far as the lawyers for the plaintiff are concerned, they insisted that when the contract was being drawn up, the reference was to an entirely different decree determining the powers of the State Committee for the Administration of Property, which on 19 May 1995 had not yet been published. This interpretation ensues from the text with not the least less justification than the previous ones. Of course, God is the judge of the participants in the proceedings, but the logic of the court, which determined the priority of the government decree in relation to the agreement with the joint venture concluded by the State Property Committee on behalf of that same government, is open to serious criticism. For a foreign partner, it is natural that a bilateral agreement with a government signed with the observance of legality should have priority over its decrees, which it may or may not adopt.

The sole serious argument in support of the fact that it is the government that is right when speaking of the said decree might be, perhaps, just one thing—all such agreements concluded hitherto had, indeed, been sanctioned by special government decrees. The places quoted from the correspondence of the Austrian partner Bulat Abilov with the Cabinet of Ministers up to the moment when the cancellation of the deal had become known may hardly serve as proof. Nonetheless, the second main trump card of the government lawyers is the fact that by the time the agreement was concluded, 19 May, the State Committee for the Administration of Property was not competent to do this, since the government decree adopted that same day had not yet been published and had not taken effect, and the previous decree had been annulled a week before this. However odd, this trump card considerably destroys the former line of reasoning of the government lawyers and works for their opponents.

Operating with such arguments adds logic and plausibility to Voest-Alpine-Kazakhstan's version that the text left room for a decree that had been prepared and signed, but not yet published by that moment, determining the powers of the new state committee that had emerged as a result of the division of the State Property Committee. And although these or similar legal problems were a canvas of discussion, arbitration has still left the impression of the predetermination and conjuridical nature of the adopted decisions.

Despite all the subtlety of the judicial line of reasoning of the government side, its reluctance to enter into a polemic regarding the advantageousness or disadvantageousness of the financial proposals made by Voest-Alpine or of the actual results of its brief management at the foundry has resulted in an obvious loss in public opinion. A government that literally the day before had recognized the terms offered by Voest-Alpine as the best and had managed to get them revised upward nonetheless prevents their fulfillment, breaking the contract on 8 June.

The record of the bids commission determined these terms as follows: either $40 million before the end of the year or $20 million by 12 June—the contract was broken on 8 June, which renders absurd any attempts to prove nonfulfillment of the terms of the contract, even if Voest-Alpine-Kazakhstan did not intend to fulfill it. In addition, speaking at the proceedings, Bulat Abilov declared that he had heard about the impending annulment of the contract from Deputy Premier Mette back on 29 May, that is, two weeks before the nearest payment date. All this allows us to speak not of the impatience of government officials unwilling to wait four days for $20 million, but of a need that had arisen to replace the contract and the partner, their not being bound by commitments that had been adopted earlier.

In order to break the contract with a potential investor which could invest several tens of millions of dollars in Kazakhstan's biggest enterprise, which is languishing in poverty, not even the formal presentation of complaints in writing was required—nothing other than the verbal instruction of the first deputy prime minister, after which employees of the managing firm found themselves within two hours out of the foundry.

The justices of the Supreme Court of Arbitration obviously perceive such a development of events as a standard of legality. The decision adopted by the government, unconditionally upheld by the court of arbitration, means a continuation of the existence even in respect to foreign investors of the former principle, according to which the government, acting as a party to the agreement, is, in addition, the sole arbiter capable at any moment of deciding whether the terms of the agreement are being fulfilled and whether it should not be annulled, despite the facts, at any convenient moment.

A reassuring precedent for the investor was not on this occasion achieved, unfortunately.

The results of the proceedings obviously hit hard also at the prestige of the State Committee for the Administration of Property. It is not enough that its commitments are publicly declared to be worthless, the sum of the contract, on which the state committee was agreed, is in the course of negotiations with "superior comrades" easily increased by one-third, which testifies

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either that the main custodians and vendors of state property are incapable of defending the interests of the state or that they are in the conclusion of contracts guided by something else besides.

The new owners of the Karaganda Foundry, who planned their investments in Kazakhstan on the basis of its reputation as a "sanctuary of stability," but who are yet to be convinced of this, will hardly be absolutely content with such an outcome either. They can hardly find inspiration in the fact that the previous management firm was removed in just two weeks without an intelligible explanation of the reasons why or any compensation for the $3.4 million that had been invested, having received, in addition, charges of ingratitude, inordinate ambition, and presumption. Voest-Alpine's intention to appeal to international judicial authorities will hardly signify more than simply the demarche of a firm that has sustained losses since the Government of Kazakhstan will hardly be in any way bound by the rulings adopted there.

State Counselor on Precision in Constitution

954F2837A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 18 Jul 95 p 2

[Article by State Counselor Kairbek Suleymenov: "The Draft Constitution Has Many Merits. But Some Things Require Amplification"]

[FBIS Translated Text] The draft new constitution was published recently in the news media. In accordance with a decision by the head of our state, its general discussion has begun in the republic.

The expected difference of opinions cannot cancel out the fact that the public's first response to the published draft has been positive, on the whole.

The president presented the initiative of constitutional reform in the channel of the intention which he expressed on the threshold of the referendum on the extension of the term of the head of state. And our multinational people, casting their votes at the referendum for an extension of the president's term, meant thereby to approve of his intention to accomplish constitutional reform.

The draft resolves the problems that were not properly resolved in the current constitution. These are, as certain authors have already observed, the questions of land, language, the nature of statehood, and citizenship.

The public has perceived with satisfaction the fact that the draft new constitution finally decides in the most correct fashion the question of the statehood of Kazakhstan. A principal question that had caused concern among a substantial part of the population has, in practice, been removed. It is no secret that this provision of the current constitution was used by particular circles here and abroad to discredit the policy of the president and did not contribute to a strengthening of interethnic accord.

The land question was objectively settled in the draft constitution also. I do not believe that the constitutional wording proclaiming that "the land and its resources, waters, the plant and animal world, and other natural resources are publicly owned and may also be privately owned on the grounds and conditions and within the limits established by the law" is a political compromise, as some people think. After all, a compromise is in the majority of cases involuntary accord. The proposed version is the will of the president reflecting actual socioeconomic and political processes in the country.

Of course, there will come a time when the constitution could decide unequivocally the question of private ownership of the land. I dream of the time when this problem loses its ethno-political aspect and ceases to be a subject, and in certain hands, also a means, of the division of society.

The assertion that private ownership of the land threatens the interests of the Kazakh people is a myth. The supporters of such a patently speculative approach are profoundly unobjective. Such assertions express, in fact, a distrust of the Kazakh people and a lack of faith in their capacity for developing and progressing under the conditions of market land relations. In addition, it is an insulting position, which should be seen as a relapse into communist mentality. Has the fact that the biggest commercial structures are headed by representatives of the Kazakh youth not become a reality of our times. Where a healthy spirit of enterprise reigns, there are no interethnic problems and no debate about whether private ownership of the land is needed or is not needed. I am sure that the vast majority of the Kazakh people also will, at a minimum, take an understanding view of the version of a solution of the land question proposed in the draft new constitution. This is why the adoption of new land legislation following the referendum on the constitution which consolidates all citizens and serves social progress is so urgent.

An undoubted achievement of the draft new constitution is the proper solution, satisfying the entire diverse palette of national interests, of the language question. As we know, the draft enshrines the fact that the official language in the Kazakh Republic is Kazakh. Russian shall be used officially together with this in state bodies and local self-government authorities. At the same time, on the other hand, the state guarantees preservation of the sphere of application of all languages of the people

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of Kazakhstan and shall display concern for the creation of the conditions for their study and development. Qualification of the rights and liberties of the citizens based on ignorance of the official or another language is prohibited. The concern of a particular part of the population of the republic is allayed and confidence in the future is instilled in them hereby, and conditions conducive to the fostering in the citizens of a feeling of Kazakhstani patriotism arise.

The draft new constitution conclusively brings to an end the debate concerning citizenship of our republic. It is established directly that dual citizenship in Kazakhstan is not allowed. It should be mentioned here that all exceptions concerning our compatriots have been removed. As chairman of the Commission for Citizenship under the auspices of the head of our state, I may say that Kazakhs living overseas do not in practice apply to obtain a second—Kazakhstani—citizenship. They adopt it, as a rule, in connection with a move to the historical homeland, declining the citizenship of another state here. This provision of the current constitution has not worked in practice but has, on the other hand, caused misunderstanding among in a particular part of society.

Additional reinforcement of the president's efforts in the resolution of this problem is the citizenship agreement concluded with Russia. Unfortunately, a handful of deputies of the former Kazakhstani parliament performed a negative role in the solution of this question, persuading some members of the State Duma of the Russian Federation not to ratify the said agreement. It was, after all, this Kazakhstani-Russian accord to which N.A. Nazarbayev referred as the logical development of the constitutional solution of this question. In this connection the task of healthy social and political forces of the republic is to contribute in every way possible to the speediest ratification of this agreement by our brother Russians.

The draft constitution determines the new status of the president as head of state and supreme arbiter. I believe that this is the most correct solution corresponding to the interests of the state and the interests of the assured steadiness and stability of state power and an increase in the level of its responsibility to the people.

I do not share the apprehensions of some authors of newspaper articles that the new status and powers of the president create the prerequisites for an authoritarian regime and dictatorship.

As we all know, the policy of the head of state is expressed in the promulgation of specific legislative instruments, whose substance actually characterizes the degree of its democratic nature. Study of the draft constitution shows the presence of restraining factors in the very process of the adoption of presidential edicts. Thus the draft constitution introduces the "countersigning" institution, when instruments of the head of state are authenticated by the signatures of the persons responsible for their preparation and for their legal irreproachability. In addition, a specific mechanism for the institution of impeachment of the president is set forth. The provision to the effect that acts of the president shall be promulgated on the basis and in execution of the constitution and the laws of the country affords the Constitutional Court an opportunity to otherwise deem them inappropriate.

Constitutional reform presupposes the institution in Kazakhstan of a bicameral parliament, about the need for which there had long been talk in society. The draft specifies a precise definition of the limits of the legislative competence of parliament, which absolutely does not mean a weakening of the role of the legislature. This has been done merely for one purpose—to prevent in the activity of parliament undue politicization and its conversion into a kind of "politburo" exercising by its decisions total control. It is this factor that previously put the preceding parliament in an ambiguous position, when the "omnivorousness" of the deputies together with small-town populism ultimately led to legislative impotence.

A considerable achievement of the draft is the limitation of the immunity of the deputies and judges to instances of their perpetration of serious crimes or their arrest at the scene of a crime [sentence as published]. We know many examples of certain deputies and judges who, abusing their immunity, have committed various crimes. Guided by erroneous ideas concerning legality, the representative authorities have frequently denied an investigation their consent to the institution of proceedings against them.

A merit of the draft is that it finally, precisely in accordance with the state program of legal reform, reforms the law enforcement system. It is a question of the unification of the general courts and courts of arbitration and an adjustment of the status of the procuracy. At the same time certain provisions of the draft constitution devoted to these matters require, from my viewpoint, development and amplification.

I believe that the constitutional provisions concerning the unification of the courts will really begin to operate only after they have been bolstered by the appropriate legislative base. After the adoption of a new Criminal Code and codes of criminal procedure and civil procedure and a constitutional statute on the judicial system, which should bring proceedings in the general courts and courts of arbitration as close together as possible

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and determine precisely the competence of the judicial organ of protection of the constitution. The introduction of special proceedings in economic disputes in the Code of Civil Procedure, as is now the case in respect to individual categories of civil cases, cannot be ruled out here.

The draft constitution presupposes also an improvement of the investigative machinery by way of separation of the function of investigation from official prosecution. While supporting this idea, I at the same time consider it expedient to amplify this wording somewhat on the basis of the application not of a structural- hierarchical but of a functional approach, which would more accurately reflect the essence of the impending reform.

Organizationally, I consider expedient the creation not of a purely investigative committee but of an operational-investigative committee, which, while exercising the function of investigation of serious crimes, would fight organized crime. An investigation committee could be created in the structure of the MVD as a first stage of reform of the investigative machinery, and then, as the necessary conditions are created, it could be converted into an operational-investigative committee. A special body with the provisional name of National Investigations Bureau could take on the detection and investigation of cases of prosecutorial competence, including military crimes, and also the most dangerous categories of cases currently within the competence of the MVD.

As the president observed, the question of reform of the investigative machinery will be decided on a strictly constitutional basis, without detriment to the status of the investigating authorities and the social and legal protection of the investigators. I am sure that these matters will be decided correctly, without the disruption of the activity of the investigative machinery.

An achievement of the draft constitution is the establishment of the institution of the appointability of justices by the head of state. The draft develops in detail the procedure for their appointment, ensuring objectiveness and "transparency". Thanks to the establishment of the Supreme Judicial Council under the auspices of the president, on which all interested parties will be equally represented, there is now an opportunity to prevent personnel mistakes in the system of the courts. But together with the procedure of the appointment of justices the procedure of their release from office should be clearly emphasized also.

Constitutional reform of the entire law enforcement system presupposes an improvement of the status of the procuracy. In my view, the draft is absolutely right to establish the accountability of the arms of the procuracy to the president as the guarantor of observance of the constitution, the laws, and citizens' rights and liberties.

The idea of the need to deprive the procuracy of the function of court supervision has somehow imperceptibly taken hold as of late in the process of the wide-ranging discussion of problems of judicial reform. I am convinced that the affirmation of the principle of the equality of the parties to adversary procedure must not exclude the prosecuting attorney's powers to protest judicial decisions together with the firm right to appeal them by the defense. Of course, the definition of such prosecutorial authority as "supervision" appears inopportune and is perceived by nonspecialists as a legacy of the past totalitarianism. If this is not recorded directly in the constitution, the constitutional provisions should be formulated so as to ensure that the procuracy be given an opportunity to perform this function at the level of current legislation. Statistical data testify to the efficacy and efficiency of the procuracy's supervision of court judgments. Thus in 1994 the courts satisfied over 5,000 of the 8,000 protests lodged by prosecuting attorneys. And of the 4,500 protests lodged in the first half of this year, over 3,000 were satisfied. The need to preserve this competence for the procuracy is dictated by the necessity of its support for the president's human rights powers, specially since the right of final decision is reserved to the courts. It would be a mistake to regard the right to lodge a prosecutorial protest of judicial rulings from the standpoint of inculpatory bias, for the prosecuting attorney frequently lodges protests in support of the indictees also.

I believe also that the procuracy should have the right to institute criminal proceedings with their subsequent transfer to the investigating authorities and also the right to terminate criminal proceedings, reverse the decisions of an investigating officer, and affirm criminal information. Without these powers the function of the procuracy in supervision of investigation and preliminary inquiry, as stated in Article 80 of the draft constitution, will be ineffective.

I believe that the process of public discussion of the draft constitution will perform a positive role. It remains merely to add that in this important work the citizens of the republic, primarily specialists in the field of jurisprudence, should come up with the state wisdom to dismiss undue emotions and suspicions of anyone's aspiration to authoritarianism.

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Tajikistan

Worsening Situation Warned on Tajik-Afghan Border

LD2407154595 Moscow INTERFAX in English 1450 GMT 24 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 24 (INTERFAX) — The military situation on the Tajik-Afghan border may deteriorate in July, Commander of the Group of Russian Border Guard Troops in Tajikistan, Lieutenant General Pavel Tarasenko told INTERFAX in an exclusive interview in Dushanbe today.

He said that during this period Russian border guards had prevented nine attempts of armed groups to illegally cross the Tajik-Afghan border, seven of them launched from Afghanistan. The border guard posts and regiments came under fire from Afghan territory four times. Once border guards had to get involved into fighting. Nine persons trying to illegally cross the border were detained. Border guards seized from smugglers 138 kilograms of drugs. No casualties among Russian border guards have been reported since the beginning of July. However, one serviceman fell victim to terrorists in Dushanbe.

Tarasenko said the situation on the Shuroabad section of the border (the Gorno-Badakhshan autonomous region) was specially tense. He said four armed groups, each of them including about 30 people, had managed to penetrate into Tajikistan through the mountains a few days ago. He said the four groups were planning to unite themselves into some larger formations.

Tarasenko said large armed formations in Afghan border regions might be planning to launch armed actions on the state border in the near future.

He said Russian border guards were specially alert because of the cholera epidemics recently registered among the opposition's armed groups stationed in front of the Moscow border guard regiment's 12th post. Cholera has already killed several people there.

Special preventive measures were taken on all border guard posts. A quarantine was introduced. The entrance to border guard posts and facilities was limited even for the relatives of border guards. Tarasenko said that due to these measures cholera had not hit border guards.

Rakhmanov Dissatisfied With Economic Development

LD2407160395 Moscow INTERFAX in English 1450 GMT 24 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 24 (INTERFAX) — Tajik President Emomali Rakhmanov described the republic's economic development in the first half of 1995 at an expanded government meeting in Dushanbe on Monday [24 July].

Presidential Spokesman Davlatali Davlatov told INTERFAX that the six-hour-long meeting agreed to Rakhmanov's proposal to dismiss the communications minister, heads of the Tadzhikzoloto and agriculture committees, five chairmen of district executive committees and chairman of the Khorog city executive committee.

Rakhmanov harshly demanded all state officials find reserves and improve the performance of their bodies "to catch up with the planned indicators" within three months.

Rakhmanov called on the government to boost privatization and remove all remaining obstacles to the introduction of private ownership in the republic.

Rakhmanov assigned much importance to the agricultural reform saying it was necessary to abandon inefficient and ponderous agricultural enterprises to smaller farms, lease and sell land into private ownership. "This should be done properly and quickly, because there is and there will be no return to the previous state system of administration and control," he stressed.

Rakhmanov called on the government members to efficiently and boldly introduce market relations in their everyday practices. This is the only way to drive the country out of the deep crisis, he added.

Uzbekistan

Tashkent Takes Measures To Boost Foreign Trade

LD2407221995 Moscow ECONOMIC NEWS AGENCY in Russian 1300 GMT 24 Jul 95

[FBIS Transcribed Text] The decree by the President of Uzbekistan "On Further Liberalization of Foreign Economic Activity in Uzbekistan" has come into effect. In accordance with this enforceable enactment the republican Cabinet of Ministers has been instructed to draw up a decision on shortening the list of goods subject to licences and quotas. The provisionally lifted customs duties will not be reintroduced until 1 October 1995. An interdepartmental commission on tariffs and customs duties is being set up. Within the framework of a state program for filling the consumer market the state structures which finance food imports have been granted a preferential right of conversion at the Uzbek regional currency exchange.

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Demographic Trends, Unemployment Situation

954F2822A Moscow DELOVOY MIR in Russian 8 Jul 95 p 4

[Article by Yuriy Galimov, DELOVOY MIR's own correspondent, and Akram Mirzayev, DELOVOY MIR journalist, Tashkent: "Resources That Will Not Run Short"]

[FBIS Translated Text] Uzbekistan is a country with a high level of population growth. More than 22 million people live here today. According to the forecasts of Tashkent University's population department, by the year 2000 this index will be 24.8 million, and by the year 2010—30.4 million persons. The increase will occur mainly owing to natives, who now constitute 72 percent of the population of the republic. Uzbek families have a lot of children. While in cities they have approximately four children, in the village it is six and more. Almost half of the residents of the country are children and juveniles up to 18 years of age; that is, the "socially vulnerable strata of the population," to which pensioners, students, and unemployed women with young children should also be added.

The demographic "pressure" is affecting the socioeconomic condition of the republic. According to a World Bank classification, Uzbekistan is rated among the countries with incomes below the average level. Scientists and specialists point to the necessity for demographic regulation and planning of the Uzbek family. But the recommendations sound a note of caution: The national and religious traditions of the East encourage having a lot of children. "Children are from Allah," the Koran asserts....

The other side of this coin is the surplus of labor resources and problems with employment of the population. They are not new for the region. Possessing 40 percent of the labor resources of all Central Asia, the republic numbers more than 2 million persons who are not employed in the sphere of social production, especially in the rural localities, where 6.5 million able-bodied persons live. Incidentally, it is in the kishlaks [villages], especially in the Fergana and the Zeravshan Valleys, that unemployment is felt most acutely as a result of overpopulation.

The problem, as we see, did not fall from the skies. Unemployment and temporary hire labor were also a "semilegal" phenomenon in days of old, but they were "hidden" well by the statistical organs. But then, each local resident knew: In the old city rayons of Tashkent, Samarkand, Andizhan, and Namangan and other oblast centers there existed, and indeed function today, so-called "mardikor-markets" (casual labor markets), where in a private procedure services are offered by stevedores, carpenters, masons, natural brick molders, seasonal workers for private melon plantations, and for leased plots of land for raising potatoes and onions. Hired people are not asked for a passport and labor book, and they are paid according to an agreement. The services of the "mardikors" [casual laborers] are used by people with means, "shady operators," and now, as is customary to say, by private and legal persons from among the newly fledged entrepreneurs and those who are aspiring to become farmers....

Today the "mardikor-markets" have squeezed out the official institutions—labor exchanges, which emerged in place of the expired bureaus for job placement and organized enlistment and recruitment for economic establishments of Uzbekistan and for work in Siberia and the Far East. And, indeed, the concept of "unemployment" has undergone a metamorphosis. It was transformed from one that was basically secret to one that was exposed and alarming. The situation became exacerbated by the fact that the very promising plans for the creation of new jobs that were adopted before the collapse of the Union have not been implemented to this day. Knowledgeable people are suggesting: Job placement programs in the context of oblasts practically do not exist, and where they have been drawn up, they are gathering dust in the recesses of office cabinets.

The new authoritative structures of the present sovereign republic of the CIS, and personally Islam Karimov, the president and head of the government, know very well that they have received a difficult "legacy." And they are seeking ways and solutions. In accordance with the law "On the Employment of the Population of the Republic of Uzbekistan," a State Employment Service and a Fund for Employment Assistance and the Protection of the Population were established in the country. Two hundred and twenty labor exchanges are functioning in the cities and rayons.

According to the observations of the authors of these lines, the exchanges are always overcrowded with those who are desperate to find employment for their knowledge, experience, and professional skills. According to data of the Republican Center for the Study of Problems of Labor and Employment of the Population, there are more than 1 million people in Uzbekistan who are not employed in social production, and, taking into account hidden unemployment, this figure can be doubled. Among those registered in the labor exchange, persons from 20 to 40 years of age predominate—the most able-bodied potential of the economy. And more: Among the unemployed in Tashkent and the oblast centers, more than 53 percent are people who have a higher and secondary special education.

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Speakers of the Russian language predominate in the category of unemployed "intellectuals" who have very little chance of finding work, because, according to the law "On the State Language" in effect in the country, specialists must be able to speak the Uzbek language, and in a number of cases also to read and write fluently in the local dialect. The conditions are mandatory for those who are dreaming of becoming managers and employees of state management administrations and enterprise and institution staffs, and even for engineers, doctors, and lawyers of late. In general, it is impossible to call the social feeling of non-natives even so-so. A concealed displacement of ethnic Russians and people of other nationalities from the sphere of management and intellectual work (science, the humanities, education, health services, and culture) is occurring—which leads to depriving this part of the population of the republic of the opportunity to actively participate in its social and economic life. The "children's illness" of sovereignization makes itself felt even in business and commerce: To become an entrepreneur, or to open a shop and a little store in Tashkent, for example, is a very difficult matter for a person of another nationality, and even generally hopeless. Besides the obstruction of bureaucrats from the khokimat [administration] and bigwigs from Uzbekistan's big business, this is also being promoted by "exaggerations" of the type: "Our own have no place to work, but you foreign-born people are crawling in here...."

We will say for the sake of fairness: The migratory flow has abated somewhat in recent months. And, nevertheless, many of the non-natives remain in a suitcase mood. Because of this mood, preference is given to natives when vacancies are presented at enterprises and exchanges: Why, they say, put a person to work in a labor collective who considers himself temporary. This thesis also slips in when there is a question concerning the training of personnel or retraining for other professions. Of course, this concerns elite or managerial positions most of all, and as for "proletarian" positions, then here the Uzbekistan labor market is obviously experiencing a noticeable lack of time.

But there are other colors in this palette that cause one to reflect. A strong attraction to farming, for example, has appeared among rural youth. The oversaturation of the labor market in the Uzbek kishlak, together with market innovations, have "pushed" the government of the country to conduct a new agrarian policy and to transfer land to peasants under dekhan (farmer) management. According to the latest statistics, about 800,000 hectares were transferred to them, an average per family of 0.33 hectares. The allotment—if the large number of children in a family, a settled life, and the reluctance to change localities are taken into account—is a drop in the bucket. With the modern level of agricultural and livestock equipment, farmers do not have the room to turn around on such plots of land. And, consequently, they cannot take on as helpers the unemployed fellow-villagers or the "Varangians" from the rayon center.

It is said: Everything new is the forgotten past. The defective platform of creating jobs on the periphery by means of the creation of branches of industrial enterprises, especially from among the light, food, and processing industry, whose "godfather" was Sh. Rashidov, is now acquiring a different appearance. Since there are no subsidies from a Union budget and interfarm ties have been cut, then other partners and foreign investments are being counted on. The Cabinet of Ministers of the republic has adopted a policy of market industrialization of the village by means of joint enterprises and small enterprises with Turkish, German, Dutch, Iranian, Israeli, and other firms; moreover, next to raw materials resources. Most of all for processing cotton, cereals, fruit and vegetable, meat and dairy products, and sheepskins and wool. What is there to say here? The work is necessary and fascinating. Not only for the economy of the country, but also for the industrious population. And also for the manpower that will never run short.

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Armenia

Delegation Leaves for OCSE Talks on Karabakh

NC2407210395 Yerevan SNARK in English 0959 GMT 24 Jul 95

[FBIS Transcribed Text] Yerevan, JULY 24 (SNARK) — Today a delegation from Armenia headed by Deputy Minister of Foreign Affairs Vardan Oskanyan, left for Vienna to participate in the negotiations to settle the Karabakh conflict. The meeting of the OSCE Minsk group will be held in Baden, nearby Vienna, on July 24-28. The delegations from Azerbaijan, Armenia and NKR [Nagorno-Karabakh Republic] are expected to participate in the meeting.

SNARK was informed by the Press Office of the Armenian Ministry of Foreign Affairs that the meeting in Baden is aimed at summarizing the results of the three stages of negotiations held after the OSCE Budapest Summit, and at laying the groundwork for the fourth stage to be held in Moscow. The key problems concerning the conflict resolution should be discussed in Baden, as well as humanitarian aid and confidence strengthening measures.

Paper Alleges Agreement Reached on Ending War

NC2407212595 Yerevan NOYAN TAPAN in English 1147 GMT 24 Jul 95

[By Armen Armirkhanyan]

[FBIS Transcribed Text] 24/07/95 NOYAN TAPAN — The Turkish "YENI SAYFA" daily writes in its July 21 issue that: "Reliable sources report that Turkey, Armenia and Azerbaijan reached a principal and secret agreement bringing to an end the Armenian-Azeri war". High-ranking official (his name was not mentioned) who "has run negotiations for 18 months" reported that the decision was taken by the authorities of the three countries at the highest level.

The Istanbul Armenian-language "MARMARA" daily, citing the Turkish "YENI SAYFA" reported that "President of Armenia Levon Ter-Petrosyan, insisting that such an agreement is hard to become admissible for his people, demanded that Turkey display signs of good will. Such a sign was the visit to Armenia by mayor of Esenyurd Gurbuz Capan who laid flowers to the memorial of victims of the Genocide."

"According to this secret agreement, Karabakh will be given a status of autonomous republic in Azerbaijan and Armenia will become a guarantor for Karabakh's status."

"On the recommendation by experts of the three countries some changes will be done at the Armenian-Azeri and Armenian-Nakhichevan borders. However, no side will make territorial concessions".

The newspaper also reports that the oil pipe line Azerbaijan-Turkey will run via Armenian territory and Armenia will receive its share for transportation of oil through its territory.

Continuing to "expound the top secret data" the "YENI SAYFA" points out that the border Turkey-Iran must be closed. It is necessary to open the border between Armenia and Turkey. Trade way from Middle Asia to Turkey must run via Armenia providing great profits for the latter.

It turns out that after all the above-mentioned Turkey will render assistance to Armenia, in particular in food and other vital issues. Turkey will also help Armenia "in the strategy issue".

"Armenia must stop supporting PKK [Workers' Party of Kurdistan]. It is necessary to take measures aimed at stopping political pressure exerted on Turkey on the part of Armenian lobby of America and Europe. In exchange for it Armenians and Armenian organizations in Turkish-language republics of Middle Asia will get privileges."

According to the newspaper's data, beginning from the next months this agreement will be gradually implemented. The front between Armenians and Azeris will be liquidated in Karabakh, the sides will be disarmed, refugees will return to their homes. An independent Government consisted of equal number of Armenians and Azeris must come at power there.

"As a result of this secret agreement Armenia will become a key country of strategic importance between the Turkish world and Europe and Asia. Besides, Armenia is to be a member of the European Union together with Turkey," the author of the article concludes.

Armenian Kurds Support Turkish Kurds With Hunger Strike

NC2407204295 Yerevan SNARK in English 1454 GMT 24 Jul 95

[FBIS Transcribed Text] Yerevan, July 24 (SNARK) — Khalif Shain, Leader of the Kurdish Worker's Party (PKK) and Karlene Chachani, Chairman of the "Kurdistan" Committee in Armenia, held a press conference today. They informed the reporters that 18 representatives of the Kurdish Community in Armenia joined the hunger strike declared by 10,000 Kurdish POWs in Turkey. They presented the reporters with the POWs' open letter dated July 14 addressed to international organizations. The letter states their demand for supporting

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PKK General Chairman Abdullah Ocalan. Ocalan proposed the implementation of the 1949 Geneva convention for protecting war victims and the additional protocols of 1977 be monitored. He demanded the UN and the International Red Cross send observers to the war zone in Kurdistan and get acquainted with the POWs' situation.

According to Kha. f Shain, Kurds in Europe and CIS have joined this hunger strike as a sign of solidarity. Shain said that though over 30 million Kurds live around the world, they are the only nation that is not recognized even as a community.

Georgia

Chikvaidze Denies UN Envoy Said Georgia Lost War

LD2407185195 Moscow INTERFAX in English 1617 GMT 24 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] TBILISI, July 24 (INTERFAX) — The personal envoy of the U.N. secretary general, Edward Brunner, never stated during his recent visit to Tbilisi that Georgia had lost the war with Abkhazia and that therefore a settlement mechanism must be found which satisfies Abkhaz leader Vladislav Ardzinba. Georgian Foreign Minister Aleksandre Chikvaidze made this statement in an interview with INTERFAX in Tbilisi on Monday [24 July] commenting on Brunner's "harsh statements" carried in the press.

"There were no such statements by Edward Brunner," Chikvaidze stressed.

According to Chikvaidze, their talks focused on "various options for settling the conflict in Abkhazia." "The talks were difficult, but useful," he added.

According to the minister, the Georgian side explained to Brunner its point of view under which Abkhazia "must be a part of the Georgian state as a part of a federation." "There is no question of any united state of Georgia and Abkhazia," he underlined.

According to Chikvaidze, "Edward Brunner treated Georgia's stand with understanding hoping for a continuation of the negotiation process and rapprochement of the positions of the conflicting sides."

Goguadze Welcomes Kozyrev's Stance on Abkhazia

LD2407145595 Tbilisi CONTACT INFORMATION AGENCY in Russian 1224 GMT 24 Jul 95

[FBIS Translated Text] Tbilisi [no date as received] — Parliament Speaker Vakhtang Goguadze has sent an official message to Russian Foreign Minister Andrey Kozyrev expressing satisfaction with his statement supporting "Vladimir Shumeyko's brave and fair position."

The message expresses concern that "until Ardzinba and [Chechen leader Dzhokhar] Dudayev are legally removed from power, it is difficult to speak of a halt to bloodshed in the region and of the prestige of both Georgia and Russia."

The message especially stresses that the idea of Abkhazia breaking away from Georgia is tantamount to the disintegration of the Russian state.

Envoy, Turkey's Demirel Discuss Debt, Pipeline Route

LD2407124995 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 24 Jul 95

[FBIS Translated Text] Nodar Komakhidze, Georgian ambassador to Turkey, met with Turkish President Suleyman Demirel in Ankara. They discussed further improvement of the Georgian economy and the upcoming meeting between Turkish President Suleyman Demirel and the speaker of the Georgian parliament [Shevardnadze], which is expected to take place during the opening of a new border crossing near Akhaltsikhe on 31 July. This checkpoint should play a considerable role in promoting bilateral ties.

The discussion also focused on Georgia's repayment of its two-year-old debt to Turkey, which is worth tens of millions of dollars. Georgia is currently unable to service this debt, because, due to certain circumstances, Eximbank, which received the money, is unable to repay it. The Turkish president promised the Georgian ambassador that he will issue a debt deferment instruction.

He also reaffirmed his position concerning the laying of an Azerbaijan-Turkey oil pipeline through Georgian territory.

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Shevardnadze on New Currency, Constitution

LD2407134295 Tbilisi Radio Tbilisi Network in Georgian 0509 GMT 24 Jul 95

[Regular weekly interview with Georgian head of state Eduard Shevardnadze, chairman of the State Council by correspondent Nato Oniani — live]

[FBIS Translated Excerpt] [Oniani] Mr. Shevardnadze, I believe there are a few points to be considered while reviewing the economic situation in Georgia. The Treasury has been founded; there are talks that the Georgian currency — lari — will be put into circulation soon; the arbitration tribunal ruled last week that an illegal agreement between the Georgian mineral and fruit drinks association and the Borjomi mineral water bottling factories should be annulled thus returning to the state the Borjomi factories — one of which had been sold for 10.8 million coupons and the other one for 9.4 million. First, will the people who have taken a decision like this be made answerable for it? Georgian TV reported yesterday that our cognac-producing factory, with its 500 dekaliters [5,000 liters] of very old base spirit for cognac, had been sold for just $1.8 million. Indeed, there is a difference between $1.8 million and 10 million coupons but you will probably agree that this is a sum too scanty for a cognac-producing factory.

[Shevardnadze] Good morning. Let us start with the economic situation. I will try to be brief but will focus on some important macroeconomic features. [passage omitted]

According to the data provided by the Committee for Socioeconomic Information, consumer prices in coupons increased only by 14 percent in the first six months of the year in contrast with a 15-fold increase during the same period of last year. The average inflation rate was 2.3 percent in contrast to last year's 56 percent. This virtually means that inflation has been curbed. If we retain this rate of inflation, every family will perceive this very soon. Although the rate of inflation estimated in Russian rubles is about 10 percent a month, this can be accounted for by the devaluation of the ruble in Russia. However, we have to take into consideration a report by the same committee that in June, a trend was observed toward the reduction in prices of foodstuffs at the consumer market where payments are mainly made in the ruble. I mean a trend rather than a revolutionary event. [sentence as heard] [passage omitted]

The foreign trade deficit dropped from $37 million last year to $15 million. This is also a sort of symptom. [passage omitted]

An unregistered import and unregistered export must be terminated. Everything must be strictly recorded. This particularly concerns cigarettes. You have evidently noticed that cigarettes flooded the country. An incredible amount of cigarettes are imported and I should say that there is absolute lawlessness in recording the imports. Cigarettes are brought in by special flights and even proper records of the planes are not kept. I believe that it is high time that the customs department started doing what it is supposed to do. Otherwise, despite the trends for the better that I mentioned, they may encounter trouble. [passage omitted]

According to reports by the Ministry of State Property Management, out of 7,800 facilities assigned for privatization, 4,400 had been privatized by 1 July 1995, that is, 56 percent. Out of 1,019 enterprises subject to become joint-stock associations, 800 have been registered as joint-stock associations. [passage omitted] Employees of 425 joint-stock associations have decided to obtain the control package, that is 51 percent of shares. Three holding companies have been set up.

The total of over 7 million shares have been issued. Their aggregate price exceeds $1 billion. Picture yourself what wealth this is for those who make use of it cleverly and thoughtfully and do not try to dispose of the shares hastily. Over 130,000 employees of the joint-stock associations have already taken advantage of getting shares free of charge or at 20 percent discount, as stipulated by the state privatization program. [passage omitted] Over 40,000 physical and juridical persons own relatively large packages of shares now. [passage omitted]

The demands by some political parties and individuals to stop the process of privatization until the elections seem to be in discord with reality. This would suspend reforms and disappoint the hopes of the population to become proprietors and to have their private property protected by the state. The process of privatization cannot be turned backward. A populist character of the above- mentioned demands is quite clear. [passage omitted]

Now, an answer to your question about the Treasury. This is the result of vigorous activity by the Finance Ministry and the minister. He was very confident as he submitted the proposal to the head of state and the Cabinet of Ministers. This establishment is a very important factor of the market economy. The subject has been treated in a highly professional way and our foreign counterparts have taken an active part in drafting the documents. As the Treasury is fully run, the population as well as state-run organizations and the private sector will realize its benefits.

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You mentioned the lari. The time for the introduction of the lari has come. I cannot specify the date it will be introduced and neither can I specify some other details but, in essence, the issue has matured. We are moving toward the national currency consistently and looking into the experience of foreign experts. The introduction of the lari will be a major stage in the process of establishing our statehood. The main point is that the lari should promote monetary and economic stabilization and the population should benefit from it. This will be the case. [passage omitted]

I would like to emphasize one point and if my words reach the people to whom they are addressed, I will be happy. I would like to say a few words about the assistance the French Government rendered to us. Minting currency is rather a costly enterprise. It costs millions of francs. While on a visit to Paris, I asked the then authorities for assistance. Despite the fact that we hardly paid any money, they minted the currency. It should cost 10-12 million francs and eventually even more. [passage omitted] As soon as President Chirac formed his government, the issue was resolved positively. French Ambassador to Georgia Bernard Fassier played an important role in this. I would like the French Government to be aware that the Georgian people are grateful for this assistance and support.

I cannot comment on the case of the brandy factory. I possess no detailed information on it. It should be studied closely. I cannot even say whether it has been sold or not. Drawing hasty conclusions should be avoided.

As for Borjomi [bottling factories], their low price is not the main thing. It was just seizure of state property by armed people. You know how valuable Borjomi water is. You may recall that there were some who would say that Georgia could live at the expense of Borjomi water only. This is not really the case but there are some elements of truth in it. I have spoken about it several times. Now that law enforcement operations have been carried out in the region a government commission should look into the case and an investigation should expose all criminals. [passage omitted]

[Oniani] A draft constitution will be discussed at an extraordinary session of the Georgian Parliament tomorrow [25 July]. How do you think the process will develop? Yet another question. Against the background of statements by some politicians, you said last week that you had not decided yet whether you would run for presidency. Was it an accidentally uttered phrase, a human emotion, or a result of political analysis? If it is the latter, it means that you are making a grave election forecast. How do you generally envisage your participation, Shevardnadze's participation in the presidential elections, keeping in mind that one claim has already been made — Jumber Patiashvili [Communist Party leader after Shevardnadze had moved to Moscow in 1986] said a few weeks ago that he would run for presidency if he were nominated. As far as I know, Jaba Ioseliani also said he would run for presidency. Two people have showed their eagerness and Shevardnadze says that he has not decided yet. How can we understand this?

[Shevardnadze] I would answer this way. A hasty process of nominating candidates for presidency has been launched. I do not want to say anything special either about Patiashvili or Ioseliani. This is their right and there will be many other instances, too. I was not surprised by their nominating their own candidature. We may witness even more unexpected things. This is normal. It is characteristic for an election campaign that some people unexpectedly step over accepted moral frames and voters should always keep this in mind. [passage omitted]

As far as I see, there are many claimants to the president's post. I should say that the people will make their choice anyway. We have already learned the bitter lessons of life. I would say that the people have become wiser and we have to rely on the people. They have to resolve the issue as it is required by the country.

Now, with regard to my personal issue, I have clearly said that the adoption of the Constitution is my major goal. The Constitution is a crown of the country. It is its passport in the world community for relations and cooperation. Many former Soviet states have managed to cope with this problem. Can you imagine a giant like Russia without a Constitution? This would have been a country of cataclysms and stunning quakes. They have certain difficulties now but the Constitution is a uniting factor that allowed Russia to move along the path of reforms. [passage omitted]

I have expressed my thoughts about the debates in parliament in one phrase — I support a strong parliament and a strong president. This will evidently be the major topic of tomorrow's debates. This will be a discussion about the main point — the issue of power, what sort of parliament, what sort of government, and what sort of president we need. [passage omitted]

Nothing will cheat the population now, neither populism, nor demagogy, nor promises because the people have already experienced all this. [passage omitted]

The Constitution has not been adopted yet and no one knows whether there will be a president in Georgia — who knows, perhaps the parliament decides that

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we do not need a president — but the process of nominating candidates has started, anyway. I would like to state once again, the most important thing is that the forthcoming elections are held without general mess, rows, or the exchange of insults; without guns and money, money obtained illegally. [passage omitted]

Now, since you have repeatedly insisted on my answering whether Shevardnadze will run for the presidency in case there is going to be a president's post in Georgia and how Shevardnadze will behave.

There is a big question mark here. I usually take all my decisions after a long inner struggle and many of my associates and friends are well aware of it — although they say I have no friends, I do have some — and they will confirm my words. Especially a decision like this.

I should say that I am not showing off and neither is this a political trick. I am quite sincere in saying this. I have an opportunity and I still have time to wait and listen to my people's frame of mind and their attitude, which will have a certain effect on my taking a decision. If I say today that I am not running for presidency, this may not be a well-grounded statement. But, on the other hand, I cannot say that I can take a decision on the issue in a week's time. As I have told you, there is a large question mark. As I have told you, my first and foremost goal is the adoption of the Constitution and I do hope with God's help this goal will be achieved. Let us see, let us see what will happen.

[Oniani] Here is another question. A quadripartite commission on the Ossetian conflict held its meeting last week. Also last week, a section of Russian State Duma deputies made an attempt to raise an issue of integrating Abkhazia and South Ossetia into Russia. The day before yesterday, you had a meeting with representatives of refugees from Abkhazia and they suspended their peaceful protest action. Their representatives are going to Moscow to meet Russian Government representatives. Your meeting and conversation with the refugees must be very interesting. I would like to ask you this question: While a commission meets in Tbilisi to consider ways of settling the Georgian-Ossetian conflict and a delegation of refugees is going to Moscow, the Russian State Duma intends to discuss the integration of Abkhazia and South Ossetia into Russia. What changes will this cause in Russia-Georgia relations?

[Shevardnadze] There is no excuse as to what happened in the Russian State Duma. It will probably be the same as the assumption that the Georgian Parliament considers the issue whether Chechnya should remain in Russia or not. This is a problem that reached absurdity. It is difficult to think of a more autocratic and I would say more chauvinistic action even in all sorts of empires. I am saying this with a heavy heart. I would like to ask these [Duma] deputies — there happened to be 216 of those who positively reacted to the issue concerning the state and territorial structure of another country — this question: Have we, the states, been cheating one another when we sign memoranda like the Almaty memorandum about the attitude toward separatism? I can state with full responsibility for my words that I do not think that any head of state within the CIS, even a single person, including President Yeltsin and my other colleagues, would applaud what has happened in the Duma. This has been a very worrying turn of events. Luckily, the resolution was not passed because sound forces emerged and opposed the move. [passage omitted] This was an extremely grave fact not only for Russia and Georgia but also for the whole CIS. This was simply nullification of the Almaty memorandum we all signed together. This should be apprehended by the deputies and other politicians.

With regard to my stance toward Russia, I am sure everyone knows it well. I have said it more than once and I have said it quite sincerely. We have to manage to establish neighborly, friendly relations with Russia, a relation of partners. This should be a strategic cooperation, as Mr. Yeltsin and I said during his visit to Tbilisi, and confirmed it later many times.

Abkhazia and South Ossetia are touchstones of what we have talked about and what we agreed upon. I would like to add that Russia is a state, which by playing a decisive role in settling the mentioned conflicts — and it is able to play the decisive role — will gain respect and trust among all the peoples and all the states. I would also say that Russia can do this without any serious implications. Russia is capable of this. It is extremely important that the United Nations, the European security structures, and our friendly countries are Russia's allies in this issue. Russia is not isolated in this action. It is together with them.

Yet another point — a moral side of the issue. A fair settlement of the conflicts is in the interests of not only the Georgian people but also the Abkhaz, Ossetian, and all other peoples. Thus, Russia's vigorous activity in this respect will be justified from all points of view, be it political or moral and proceeding from the interests of the Russian state as well as those of the world community.

Now, about the refugees. A new document, a more detailed document is being considered in Moscow at my request. It deals with the place of Abkhazia within the federative state of Georgia. Very serious issues are being handled. I have authorized Vazha Lordkipanidze [Georgian ambassador to Russia] to do the work.

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Following my special request, Tamaz Nadareishvili [chairman of the Supreme Council of the autonomous republic of Abkhazia] and Zurab Erkvania [chairman of the Council of Ministers of the autonomous republic of Abkhazia] went to Moscow and are participating in the work. An Abkhaz delegation is also there. Let us see what yet another round will bring us. I cannot give any extra promises because you know very well how bitter our experience is, but I do want to believe that a fresh attempt by the Russian authorities, together with us and the world community, to bring to an end these conflicts will be effective.

[Oniani] Thank you. You have been listening to Eduard Shevardnadze, the chairman of the Georgian Parliament and head of state.

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Lithuania

Landsbergis Criticizes UN Policy on Bosnia

LD2507092095 Vilnius Radio Vilnius in English 2130 GMT 24 Jul 95

[FBIS Transcribed Text] The leader of Lithuania's right-wing opposition, Mr. Vytautas Landsbergis, has strongly criticized the inability of the United Nations to keep peace in the former Yugoslavia and to oppose what he called Serbian ethnic terror.

The aggressor has adapted, has foreseen all the week points; it is planning beforehand when and how to strike, while the United Nations is sitting like some rotten mushroom and waiting to be kicked, said Mr. Landsbergis at a Monday news conference [24 July].

As the opposition leader put it, by its policies the United Nations have encouraged and approved de facto the ethnic cleansing carried out by the Serbs. According to Mr. Landsbergis, the UN is especially discredited by its so-called security zones, which in his words are no security zones at all.

The United Nations, the great international organization, turned out to be a [word indistinct] which makes promises but does not keep them, Mr. Landsbergis added.

Parliamentary Delegation Leaves for Moscow

WS2407132295 Tallinn BNS in English 1000 GMT 24 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 24, BNS — Lithuanian parliament Chairman Ceslovas Jursenas left for Moscow on 24 July for a first-ever official visit.

Jursenas told reporters before departure from Vilnius that the visit was aimed at further expanding parliamentary and other ties between Lithuania and Russia.

The parliament chairman is accompanied by a 10-member delegation, which includes Virgilijus Bulovas, head of the working group for talks with the CIS; Algirdas Gricius, vice chairman of the parliament's Foreign Affairs Committee; Nikolajus Medvedevas, member of the parliament's National Security Committee, and other lawmakers.

During their three-day visit, the Lithuanian parliamentarians are to meet with Federation Council (parliament upper house) Chairman Vladimir Shumeyko, State Duma (parliament lower house) Chairman Ivan Rybkin, the head of President Boris Yeltsin's administration, Sergei Filatov, Foreign Minister Andrey Kozyrev, Moscow Mayor Yuriy Luzhkov and other officials.

The Lithuanian delegation's primary interests during the visit will be the arrangement of political forces in Russia before the forthcoming parliamentary elections and Moscow's position on NATO expansion.

Apart from political issues, the Lithuanian lawmakers also plan to discuss certain economic questions, primarily the implementation of the most favored nation agreement between Lithuania and Russia.

Parliament Speaker Meets Shumeyko

LD2407155095 Moscow INTERFAX in English 1450 GMT 24 Jul 95

[FBIS Transcribed Text] MOSCOW, July 24 (INTERFAX) — There has been significant progress in relations between Lithuania and Russia over the last two years and today they are "normal relations between two neighboring states, though some problems remain," Lithuanian Parliament Speaker Ceslovas Jursenas told INTERFAX in Moscow Monday after an hour-and-a-half meeting with Federation Council Speaker Vladimir Shumeyko.

Jursenas noted that "the troops of the former Soviet Union were withdrawn from Lithuania earlier than from some other countries in the region or from Germany." "This eased a certain strain, certain fears and ambiguity in our bilateral relations," he said.

The speaker stressed that Lithuania attached great importance to relations with Russia. "Russia's stand on various issues is very important to us," he said.

Jursenas said he had discussed with Shumeyko the situation with Lithuanians in Russia's Kaliningrad region.

Yuriy Algunov, Federation Council spokesman, said that during the meeting the sides spoke in favor of holding meetings between Lithuanian, Polish and Russian deputies with the participation of deputies from border regions in the Kaliningrad region or in Poland, no later than in October, 1995, "to discuss issues of border cooperation."

"The main strategic goal of the talks in Groznyy is to ensure normal elections in Chechnya and to form such power bodies that would have the trust of local residents and that would not be appointed by Moscow," Algunov quoted Shumeiko as saying.

According to Algunov, issues related to NATO "were not discussed in detail." However, "NATO's expansion to the East will damage Russia's national security interests," he quoted Shumeyko as saying.

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Kaliningrad Region Seen As Important to Lithuania

LD2407143295 Vilnius Radio Vilnius Network in Lithuanian 1200 GMT 24 Jul 95

[FBIS Translated Text] According to the LIETUVOS RYTAS daily, the economic and political development of Kaliningrad region is, and will always be, important to Lithuania - a country through which the Kaliningrad region is linked to Russia. LIETUVOS RYTAS today carries an interview with Yuriy Matochkin, head of administration of Kaliningrad region.

The problem of Kaliningrad is that there are many people in Moscow who do not realize that our territory is not directly connected with Russia. Our situation is very much different from that of other Russian regions, Yuriy Matochkin said.

He stressed that the process of demilitarization is going on quite rapidly in Kaliningrad region, but it must not be forcefully speeded up - not only for political but also for economic and social reasons.

Kaliningrad region plans the construction of ports in Baltiysk and Svetloye, and therefore it would be a good idea for the Baltic ports in general and the ports of Kaliningrad region to reach an agreement on spheres of influence, Yuriy Matochkin told the newspaper.

All the Baltic seaports of Klaipeda, Riga, Ventspils, and Tallinn are mostly working with cargoes from Russia, and if we start developing our facilities, the Baltic countries will be facing a problem of decreasing business because of the competition from Kaliningrad, Yuriy Matochkin said. He believes that it is time to start negotiations and to divide the spheres of influence in a calm and civilized manner.

The trade volume between the Kaliningrad region and Lithuania considerably increased last year, reaching almost $21 million. The draft document on basic trends in bilateral cooperation handed to Lithuanian Prime Minister Adolfas Slezevicius a couple of months ago proposes setting up a Lithuanian-Russian border coordination council, a cooperation fund, a Lithuanian-Kaliningrad chamber of trade and industry, a joint bank, an investment and insurance company and a business center. An agreement has been reached with Adolfas Slezevicius to continue negotiations on free trade treaty between Kaliningrad region and Lithuania, Yuriy Matochkin told LIETUVOS RYTAS.

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